

January 11, 2002

To the Honorable Chairman
of the Board of Supervisors
of the County of Milwaukee

We have completed an audit of the Wraparound Milwaukee Program as directed by County Board Resolution 01-421. Wraparound Milwaukee is a program developed by the Milwaukee County Mental Health Division (MHD) to address emotional, behavioral and mental health needs of children and their families. While the Wraparound Program has achieved nationally recognized success in serving its client population, our report addresses several program, administrative and information system problems.

A management response from MHD is included as Exhibit 4. Please refer this report to the Committee on Finance and Audit.

Jerome J. Heer
Director of Audits

JJH/cah

cc: Milwaukee County Board of Supervisors
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**Audit of
Mental Health Division
Wraparound Milwaukee Program**

January 2002

Committee on Finance and Audit

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Audit of Mental Health Division – Wraparound Milwaukee Program

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Summary

Wraparound Milwaukee is a nationally recognized program developed by the Milwaukee County Mental Health Division (MHD) of the Department of Human Services (DHS) to address serious emotional, behavioral and mental health needs of children and their families. The program currently treats approximately 560 youths (about 52% of whom have been adjudicated delinquent) and their families using an integrated, multi-service approach and a managed care delivery model. Care is individualized, with comprehensive treatment plans developed to utilize community-based resources in lieu of more expensive, institutional alternatives. Wraparound Milwaukee is a publicly operated care management organization that provides clients with a range of mental health, substance abuse, social and other supportive services. The program is funded in a unique fashion, pooling funds from various sources to create maximum flexibility in serving the needs of the client youths and their families. The 2001 Milwaukee County Adopted Budget included about 44 full-time equivalent positions (including administration) and total funding appropriations of \$27 million for Wraparound Milwaukee.

The Wraparound Milwaukee Program, while achieving nationally recognized success in serving its client population, has encountered several administrative problems. These problems include:

- Acquisition and development of a management information/on-line vendor invoicing system that is incompatible with County information technology (IT) standards and existing County automated payment and financial systems.
- Reliance on private contractors to fulfill critical IT functions, including system administration and an internet service provider separate from the County's ISP.
- Inadequate controls to ensure that program revenues are maximized and vendor payments are properly authorized and accounted for in all cases. For example, we identified \$260,000 in billings that were not identified and processed by Wraparound from a sample of clients served in 2001. Additionally, we obtained documentation that indicates this same problem has existed since 1998.

Further, due to circumstances upon which Wraparound and the State of Wisconsin disagree, billings in excess of \$4 million were disputed for clients served in 1998 and 1999. We note that there was no written contract established between Wraparound and the State for nearly \$9 million in services during 1998.

- Prior to May 2001, there was no process in place to reconcile timing and other differences between Wraparound Milwaukee's payment authorization and monitoring system (Synthesis), the SCRIPTS system used to generate payments, and the County's Advantage system, which provides the budgetary and financial accounting control for all County expenditures. Without this reconciliation, prior to May 2001, Wraparound management could not accurately gauge the overall fiscal condition of its program, or properly safeguard County funds.

- Proper edit flags are not coded into the Synthesis system to ensure only valid and complete data is accepted by the system. The data entry process lacks controls to ensure that the information on the source documents is accurately keyed into Synthesis.
- An agreement to lease the Synthesis software to three county government agencies in New Jersey was reached in 2001. Although Corporation Counsel reviewed and approved the agreement as to form, the Wraparound management did not formally notify, nor seek the approval of, the Milwaukee County Board for this unprecedented arrangement. Section 56.04 of the General Ordinances of Milwaukee County requires that all deeds, contracts and agreements made on behalf of the County pursuant to the directions of the County Board, must be approved by the County Board.
- The Wraparound quality assurance/quality improvement function is well established and is a key component of DHS' newly centralized quality assurance (QA) efforts. This centralization is a step forward for improving accountability for DHS fee-for-service dollars, but there is need for improved coordination with the Contract Administration section of the DHS Management Services Division to ensure recoupment of funds paid to vendors which have been disallowed during a QA review.
- At least the perception of a conflict of interest concerning Wraparound administrators and certain administrative decisions concerning contract awards, business travel reimbursements and personal consulting fees.

The primary cause of the administrative problems experienced by the Wraparound Milwaukee Program is a lack of adherence to several established County procedures. For example:

- Wraparound Milwaukee management did not coordinate with the Information Management Services Division (IMSD) of the Department of Administration (DOA) or follow appropriate procedures with the Procurement Division of DOA in the acquisition and development of the Synthesis management information system. As a result, there was no opportunity for Countywide strategic planning concerning compatibility, ongoing support and future uses of Synthesis.
- In accordance with an adopted 1997 IT Strategic Plan and in response to the Y2K challenge, the County clearly has made significant strides toward IT centralization. This has been accomplished with an increased role on the part of IMSD in centralized purchasing of computers and the establishment of Countywide IT standards. There are procedures in place encouraging coordination of IT contract awards through IMSD. However, there is no formal requirement for IMSD involvement in the development of new computer systems or initiatives by individual County departments.
- In addition to the lack of coordination with IMSD in obtaining IT services to design and develop Synthesis, several irregularities occurred in Wraparound's acquisition of those services. For instance, the primary firm used to design and develop the Synthesis system was authorized to perform the work by Wraparound administration using an extension of a previous price agreement. As of November 2001, this firm has been paid \$860,000 by Wraparound. The price agreement extension was approved by the Procurement Division without notifying IMSD. Further, an individual employed by the firm that designed and developed specifications for Synthesis was the vice-president and point person of the firm named in bid specifications as the suggested vendor for the job. Based on authorization from Wraparound, more than \$10,000 worth of implementation services and products were provided a month in advance of the actual contract award.

- Our review of the Wraparound Milwaukee Program indicates that administrative decisions have been made and practices implemented that have blurred the lines between official job responsibilities and personal business endeavors of Wraparound administrators to such an extent that at least the appearance of a conflict of interest has developed.

Details of these and other findings, as well as recommendations for improvements, are presented in the body of this audit report. A management response from the MHD is presented as **Exhibit 4**.

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Background

Wraparound Milwaukee is a nationally recognized program developed by the Milwaukee County Mental Health Division of the Department of Human Services (DHS) to address serious emotional, behavioral and mental health needs of children and their families. The Wraparound Milwaukee Program is one of ten initial sites nationwide funded with a federal grant in 1995. The program currently treats approximately 560 youths (about 52% of whom have been adjudicated delinquent) and their families using an integrated, multi-service approach and a managed care delivery model. Care is individualized, with comprehensive treatment plans developed to utilize community-based resources in lieu of more expensive, institutional alternatives.

Wraparound Milwaukee is a publicly operated care management organization that provides clients with a range of mental health, substance abuse, social and other supportive services. Key aspects of the Wraparound Milwaukee Program include:

- Operating with pooled funds from Child Welfare, Mental Health, Juvenile Justice, Title 19, education, private insurance providers and other sources.
- Utilizing a provider network for service delivery.
- Providing care management built around family strengths and needs.
- Utilizing a comprehensive quality assurance/quality improvement program that includes defined outcomes to measure program effectiveness.

Wraparound Milwaukee serves youth age 18 and under who have serious emotional, behavioral or mental health needs and have been identified by Child Welfare or Juvenile Justice officials as being at immediate risk of placement in a residential treatment center or psychiatric hospital. The concept is to create a system of treatment and support within the community as a more cost-effective alternative to placement in a residential treatment facility or an inpatient hospital. In a 1995 pilot project of 25 youths enrolled in Milwaukee County residential treatment facilities, 24 youths were successfully placed back into the community at an average cost of \$2,800 per month vs. \$5,000 per month for residential treatment.

Current Funding and Staffing

Wraparound Milwaukee is funded in a unique fashion, pooling funds from various sources to create maximum flexibility in serving the needs of the client youths and their families. The 2001 Milwaukee County Adopted Budget included about 44 full-time equivalent positions (including administration)

and total funding appropriations of \$27 million for Wraparound Milwaukee. Three primary sources of funding for Wraparound Milwaukee include:

- The State of Wisconsin, through four child welfare agencies, pays Wraparound \$3,465 per month per child for each child welfare case enrolled. This rate compares with residential placement costs of about \$6,500 per month per child. In 2000, total payments for child welfare cases were approximately \$8.8 million.
- The Children’s Court Center provides about \$7 million per year in out-of-home funding to Wraparound. In exchange for this funding, Wraparound provides all needed services for about 290 clients for the duration of their judicial delinquency orders.
- Title 19 pays \$1,557 per month for each Title 19-eligible child. In 2000, Title 19 paid about \$10 million to Wraparound in the form of these monthly capitation fees, and an additional \$1.6 million for certain services billed separately by Wraparound.

Wraparound Milwaukee acts as the administrative service organization to manage these funds and connects families with needed services through a child and family team approach overseen by a care coordinator. Some of the many services available to clients under the Wraparound Program include:

In-Home Therapy	Foster Care
Alcohol and Substance Abuse Counseling	Medication Management
Psychiatric Assessment	Day Treatment/Alternative School
Mentoring	Transportation
Respite Care	Independent Living Support
Tutoring	Supervision/Observation in Home
Outpatient Individual and Family Therapy	Psychiatric Inpatient Hospital

Provider Network

Wraparound Milwaukee has developed a network of approximately 260 service providers. Under the supervision of a care coordinator, clients are provided choices within the network that best meets their service needs. On a monthly basis, care coordinators authorize a maximum number of units of service to be provided by specific vendors and billed to the program on a fee-for-service basis. These service authorizations are guided by an individualized treatment plan for each client.

Having established a core of network providers for Wraparound Milwaukee, other programs have ‘piggy-backed’ onto the network, utilizing Wraparound as an administrative service organization to provide service authorization, provider invoice processing and other services. Thus, Wraparound Milwaukee has developed an integrated provider network that serves the needs of the Wraparound Program, the Safety Now Program (another MHD program), and the Wisconsin Community Service Network, which pays a fee to Wraparound for administrative services.

Program Results

Measuring program results is an important component of the Wraparound Milwaukee Program model. Wraparound staff produce periodic quality assurance/improvement and utilization review reports that present updates on a variety of program measures. In its 2000 Annual Report, Wraparound Milwaukee reported:

- Families and youth enrolled for one year or more in Wraparound Milwaukee functioned better in school, at home and in the community based on national evaluation test scores.
- The average youth improved his or her school attendance by 60% from the time of enrollment to one year after leaving the program.
- There is a significant reduction in youth committing delinquent acts from one year pre-enrollment in Wraparound Milwaukee to a year following enrollment and that decrease continues even a year after leaving the program.
- Wraparound significantly reduced the annual cost of care for youths enrolled by over \$25,000 per year per child based on the alternative of residential care.
- Fewer children needed to be hospitalized in psychiatric inpatient facilities and residential treatment centers.

Child Welfare

In May 2001, the Department of Audit issued ***An Audit of the Department of Human Services Child Welfare Division Overspending of 2000 State Contract***. That report identified reasons for the Child Welfare Division (CWD) overspending by \$6 million its \$29.5 million contract with the State of Wisconsin. Included in the \$6 million deficit was about \$3.4 million of overspending for services. As noted in that report, the CWD of the Department of Human Services (DHS) largely utilized the existing network of providers serving the Wraparound Milwaukee Program beginning in 1999. Wraparound was selected to provide certain administrative services on behalf of the CWD. These administrative services included:

- Development and management of an integrated provider network.
- Processing requests for services made by CWD case managers using the Wraparound management information system (Synthesis).
- Providing authorizations to vendors for services approved by CWD case managers.
- Processing claims/invoices from vendors for payment.
- Providing CWD monthly cost reports by client, type of service and vendor.

As noted in the May 2001 audit report, CWD was not satisfied with the specific services and reports provided by Wraparound for CWD. Although raw data was available from Wraparound staff since Synthesis was implemented in December 1999, it does not appear that useable management reports were available until May 2000. However, the audit report further stated that management information available as early as June 2000 indicated that spending and authorizations for CWD services were proceeding at a pace that would create a serious problem unless immediate corrective actions were undertaken. The report concluded that the CWD had overspent its contract with the State by \$6 million in 2000 because of a breakdown in program management.

Citing concerns based on information contained in the May 2001 audit report as well as Wraparound billing issues raised by the Wisconsin Department of Health and Family Services, Office of Program Review and Audit, the Milwaukee County Board of Supervisors passed Resolution 01-421 in July 2001. The resolution authorized and directed the Director of Audits to perform an audit of Milwaukee County's Wraparound Milwaukee Program and to submit a report to the County Board with his findings and recommendations in a timely fashion.

Section 1: Synthesis System Acquisition and Development

The Synthesis information system, implemented in December 1999, is specifically designed for the Wraparound Program.

The Wraparound Milwaukee Program uses an information system owned by Milwaukee County and specifically designed for the program. The system, called Synthesis, was implemented in December 1999. According to Wraparound management, Synthesis was developed to replace the former Care Manager information system because of several shortcomings with Care Manager. Specifically, Care Manager:

- Was not Y2K compliant.
- Was owned and had to be leased from a consultant.
- Did not provide automated plans of care.
- Ran on an obsolete platform.
- Was not internet-based.

Wraparound management did not always follow County procedures in acquiring the Synthesis information system.

Wraparound management used federal grant funding to address the shortcomings of Care Manager with the development of Synthesis. However, Wraparound did not always follow established County procedures in acquiring services for the design, development, and implementation of Synthesis.

County Board Resolution 98-541 was bypassed by Wraparound management.

During our review, we noted that Wraparound management bypassed the requirements set forth in County Board Resolution 98-541, which authorized the Information Management Services Division of the Department of Administration (IMSD) to establish an Information Technology (IT) Contractual Services Preferred Provider Vendor List. In accordance with that resolution, IMSD worked with the Procurement Division to create master price agreements with vendors approved to provide IT services. IMSD also established guidelines for departments to request use of the master price agreements without having to go through the bidding process.

Wraparound management bypassed IMSD approval in selecting an IT contractor.

IMSD Guidelines

IMSD's guidelines call for departments to submit a Request for Service to IMSD and obtain approval from IMSD to utilize master price agreement contracts awarded to preferred vendors. However, Wraparound management bypassed this procedure and generated a purchase requisition directly to the Procurement Division requesting that an expired price agreement contract be extended for Wraparound's use. The Procurement Division extended the agreement for Wraparound without following internal procurement procedures and without obtaining approval from, or notifying, IMSD. Through November 2001, Wraparound has paid this vendor \$860,000. It should be noted that Wraparound management correctly followed procedures to obtain use of the original price agreement.

Procurement Procedures

In addition, Wraparound management violated Chapter 32 of the County Ordinances, by failing to acquire products and services through a competitive bidding process and by 'chaining' several departmental purchase orders to pay for internet web-hosting services.

On October 21, 1999, Wraparound issued a purchase order requisition to the Procurement Division to obtain an internet service provider (ISP), for the installation of computer software onto a server, to purchase computer hardware (servers), and for web-hosting services for Synthesis. During our review, we noted that:

An employee of the company who wrote the bid specifications, was also vice-president of the company recommended in the specifications.

- The initial specifications for this requisition originated from Stratagem, Inc., the software development firm engaged by Wraparound to develop Synthesis. These specifications listed Synergy, Inc. as the suggested vendor for providing ISP services and related hardware.
- The Vice President of Synergy was also an employee of Stratagem working on the Synthesis design and development.

- Wraparound management, during the bidding process, wrote the Purchasing Administrator asking that the purchase order contract be officially awarded to Synergy because Synergy had already been authorized by Wraparound to provide the requested services and products. Synergy was the only vendor that responded to the bid, and Synergy had in fact invoiced the County prior to the issuance of bid documents.
- The Purchasing Administrator awarded the purchase order contract to Synergy with the intention of informing the Wraparound Director to appear before the Purchasing Standardization Committee to seek sole source approval.

Sequence of Events

- On **October 21, 1999**, Wraparound issued a purchase order requisition to the Procurement Division.
- On **November 12, 1999**, Synergy invoiced Milwaukee County, prior to the issuance of bid documents, for \$10,936 indicating "internet installation fee (contract 1389)." The invoice did not reference providing any hardware or contain any documents relating to the purchase of hardware. According to the Wraparound Director, neither he nor Synergy had any knowledge of contract 1389. However, in a separate interview, Synergy indicated that contract 1389 is a Synergy internal document. Synergy was unable to provide us with a copy of contract 1389. It therefore remained unclear as to what Synergy invoiced for and what the County actually received.
- On **November 19, 1999**, the Procurement Division issued bid/quotation requests to three vendors for the purchase of the services and products requested by Wraparound. The bid opening date was scheduled for December 8, 1999.
- On **December 3, 1999** and prior to the bid opening, the Purchasing Administrator received a letter from Wraparound requesting that the contract be officially awarded to Synergy. In the letter, Wraparound cited several reasons for awarding the contract to Synergy, including Y2K deadlines. The letter also indicated that Wraparound staff had mistaken a written confirmation of receipt of the requisition from Procurement as an approval to use Synergy as a vendor. In that same letter, it was acknowledged that Wraparound had instructed Synergy to proceed. The letter confirmed that the required hardware and connections had already been acquired and had been used in software development.
- On **December 6, 1999**, Synergy responded to the bid solicitation even though the firm had already invoiced the County for some of the hardware or services listed in the bid specifications.

Synergy invoiced Wraparound for \$10,936 prior to the issuance of bid documents.

Prior to bid opening, Wraparound requested that the Procurement Division award the contract to Synergy.

- On **December 30, 1999**, the Purchasing Administrator authorized a 'confirming' (after-the-fact) purchase order to Synergy for a total of \$18,986 for software and hardware products, web-hosting and related services. Along with this purchase order, the Purchasing Administrator directed his staff to draft a letter to Wraparound indicating that the confirming purchase order was unlawful. He also directed that the letter indicate any future unlawful purchases would be returned and that Wraparound needed to request a hearing before the Purchasing Standardization Committee to request sole source approval to continue with Synergy. He further indicated that Wraparound would need a Price Agreement for the ongoing \$475 monthly web-hosting fee to avoid 'chaining' a series of monthly departmental purchase orders to stay under bidding dollar thresholds. According to the Purchasing Administrator, he authorized a two-month Price Agreement with Synergy through February 29, 2000, which would give Wraparound enough time to meet with the Standardization Committee and not cause any delay in the project.

Based on our review of documentation obtained from the Procurement Division, we were unable to confirm that a letter was sent to Wraparound indicating a new Price Agreement was necessary. An original letter remained in the purchasing file. According to Wraparound staff, they did not receive a letter or any other form of notification from the Procurement Division. Whether Wraparound received the letter or not, it is clear that chaining DPO's to pay for the services was inappropriate.

Synergy was the only vendor that responded to the bid for web-hosting services.

According to a Procurement Division buyer, Synergy was the only vendor that responded to the bid for web-hosting services and products. (However, it is possible that other vendors may have become cognizant that Synergy had already been authorized to do the work, and therefore did not respond to the bid.) The buyer recalled Wraparound staff asking why other vendors were calling and asking questions regarding the requested services.

Hardware Ownership

At the joint request of the Directors of DOA and DHS, Accenture, LLP (already under contract to provide IT consulting to MHD)

The Wraparound Director assured us that the servers are owned by Milwaukee County.

was redirected to review the Synthesis system in 2001. In its report, Accenture noted concern as to whether or not Milwaukee County owns the servers on which Wraparound's internet application resides at a Synergy location. We were unable to identify any concrete documentation stating whether Milwaukee County paid for the servers. Synergy's bid proposal and the invoice it submitted both indicated that \$10,936 paid by Milwaukee County was for "internet installation fee." However, the Wraparound Director assured us that the servers were definitely owned by Milwaukee County and Synergy also confirmed that the servers belong to Milwaukee County. The Purchasing Administrator is also in agreement that Milwaukee County bought the servers via the purchase order.

To prevent the appearance of a conflict of interest and to provide for a fair and competitive bid process as required under Chapter 32 of the County Ordinances, we recommend MHD management:

- 1. Comply with Chapter 32 of the Milwaukee County Ordinances and strictly adhere to all County purchasing policies and procedures. Discontinue the practice of 'chaining' departmental purchase orders to avoid the bidding process.*
- 2. Ensure that consultant invoices contain detailed descriptions of the work performed and that reimbursement for any items purchased is supported with proper documentation.*

To substantiate the servers that host County software applications are owned by the County, we recommend MHD management:

- 3. Obtain a copy of the shipping/delivery receipt(s) from Synergy, detailing the hardware and associated connections used to host County software.*
- 4. Obtain written confirmation from Synergy that the equipment is owned by the County. The confirmation should also specify any restrictions and/or costs that would be incurred should the County take physical possession of this equipment.*

Authority to Proceed with IT Initiatives

In recent years, the County clearly has made significant strides toward IT centralization. In 1997, the County Board approved a five-year conceptual IT Strategic Plan outlined by a consultant. That plan included suggestions to:

- Enable communications and the sharing of information Countywide.
- Build a common technology platform across the County.
- Improve public access to County information.
- Establish strategy for security of information.
- Establish standards for hardware and software.

In preparation for the challenge of Y2K, IMSD assumed an increased role in coordinating the centralized purchasing of computers and the establishment of Countywide IT standards. In the 2001 Adopted Budget, the County created an Information Technology Council to further address and advise policymakers on the best approaches for dealing with complex IT issues.

There is no formal requirement for IMSD involvement in the development of new computer systems by individual County departments.

While there are procedures in place encouraging coordination of IT contract awards through IMSD, there is no formal requirement for IMSD involvement in the development of new computer systems or initiatives by individual County departments. As a result, the benefits of a coordinated, strategically planned **Countywide** IT approach can be compromised by individual departmental action. To prevent counterproductive initiatives in the future, we recommend the County Board:

5. *Adopt an ordinance specifically requiring individual County departments to obtain advance input and approval for all substantive IT system initiatives and modifications from IMSD.*

Wraparound began leasing the Synthesis software to three New Jersey counties in 2001.

Leasing of Synthesis

Wraparound entered into an agreement to lease the Synthesis software to three county government agencies in New Jersey in

Wraparound management did not notify nor seek County Board approval.

2001. Although Corporation Counsel and outside legal expertise was involved in developing and reviewing the agreement, the Director did not formally notify, nor seek the approval of, the Milwaukee County Board for this unprecedented arrangement.

Section 56.04 of the General Ordinances of Milwaukee County states:

“Execution of legal documents. All deeds, contracts and agreements made on behalf of the county pursuant to the directions of the county board...shall be signed by the county executive....It shall be the duty of the county executive to sign other legal documents on behalf of the county after their execution has been approved by the county board.”

Wraparound management stated that at the time of putting together the New Jersey contract, Milwaukee County did not have any written ordinance or documents regarding generating revenues or leasing software products. Since Wraparound management was under the impression that the ordinances pertained only to expenditures, it did not see the need to seek approval of the County Board.

Potential risks associated with Wraparound's leasing of a software system, the development of which was funded by a federal grant, include possibly subjecting the County to claims against any revenue generated under the lease arrangements or a request for the return of grant funds by the federal agency. Furthermore, Milwaukee County may be held liable in the event of software system malfunction or disaster due to any legal action brought by lessees. The County is exposed to these potential risks despite the fact that according to Wraparound management, total revenue from leasing Synthesis to New Jersey counties is approximately \$126,000, and the New Jersey leases are not expected to produce revenue beyond the first few months of 2002. It should be noted that Wraparound also currently leases Synthesis to a local private agency, with anticipated revenue of approximately \$97,000 in 2002.

Leasing of the Synthesis software has drawn on the time and energy of Wraparound staff.

Wraparound staff are part-time support for a 'help desk' for problems encountered by counties in New Jersey.

Further, leasing of software has drawn on the time and energy of Wraparound staff whose efforts may have been best utilized in effectively managing the Wraparound Milwaukee Program. Currently, two Wraparound staff and a key consultant under contract with Wraparound are designated as part-time support for a 'help desk' for Synthesis-related problems encountered by the leasing counties in New Jersey. However, these duties are absorbed within current workloads and required no additional staff hires, according to Wraparound management.

To provide the County Board with the information needed to develop policy relating to the Synthesis system software leasing arrangement and similar endeavors that may arise in the future, we recommend that MHD management:

6. *Provide information to the County Board regarding the current Synthesis leasing arrangements and any plans for expansion.*
7. *Obtain express approval from the County Board prior to extending/renewing current lease agreements or expanding the software leasing arrangement to additional agencies.*

Section 2: Synthesis System Management

Data Integrity

An important precept to obtaining reliable data from any management information system is the establishment of policies and procedures to help ensure that inputs to the system are accurate and complete. As the old adage goes, 'garbage in, garbage out.'

In response to concerns regarding the Synthesis system, in 2001 DOA and DHS redirected Accenture, LLP (already under contract to provide IT consulting to MHD) to review the system. Among other findings, Accenture reported that Synthesis allows inaccurate or missing data and recommended that Wraparound information strategy address data effectiveness, correctness, and completeness. The report also indicated that Wraparound cannot and should not try to use Synthesis for accurate and complete financial reporting.

Our review of Synthesis data entry processes indicates a lack of adequate data validation procedures.

Our separate review of data entry processes for the Synthesis system indicates there is a lack of adequate data validation procedures to ensure that required information is obtained and that only accurate data is keyed into the system. We obtained a copy of the Synthesis main production data tables to facilitate a review of Synthesis data integrity. We also conducted several face-to-face interviews with Wraparound staff, consultants responsible for the design, development, implementation and maintenance of Synthesis, and personnel from IMSD. Following is a summary of our findings.

Key system data tables contained inaccurate or incomplete data.

- In reviewing the integrity of the production data files, we noted that some of the key data tables contained incomplete or inaccurate data and that proper edit flags are not coded into the system to ensure that only valid and complete data is accepted by the system. For example, we found that:

Key client-related billing data is not being updated in the system.

- Thirty-seven client records contained improperly formatted or blank social security numbers. For example, some contained blanks, zeros, seven or eight digits, and one showed '999999999.' This problem was also noted in the Accenture report, and one of Wraparound's employees responsible for "enrollment" data input confirmed that whatever you key into the SSN field the system saves it.
- In the client referral table, we identified three records that contained 'dis-enrollment dates' that precede 'enrollment dates' and three different records that contained no enrollment dates but showed the clients as dis-enrolled. This problem was also noted in the Accenture report, and one of Wraparound's employees responsible for enrollment data input confirmed that the system saves any date keyed into the enrollment field.
- For 35 client records, the date-of-birth field contained blanks thus a client's age could not have been determined. Enrollment guidelines require clients be 18 years old or younger.
- We also identified areas where Wraparound manually processed data that should be available on Synthesis. For example, client data describing the type of court order issued are not used or maintained in the appropriate data tables, thus rendering these tables, a major component of the system, unreliable. From a copy of the production data tables for Synthesis, we learned that the Payment History data table containing key client related billing data (such as "Payment Type") is not being updated. We also noted that a key field "Payor Code" in the Financial data table also is not being updated. These fields are not only key client tracking fields but are required to facilitate efficiency in billing whether done manually or electronically. We also learned that because of the unreliability of these key fields, determination of a client's court order status used for billing purposes is done manually making it a time consuming task with weak controls over the process.
- The consultant acting as Synthesis system administrator confirmed that the Payment History data table is not being used and the Wraparound Fiscal Manager confirmed that the Payor Code field in the Financial data table is not updated. We reviewed the Payment Type field in the Payment History data table and determined that it had been updated. However, we looked at the Payor Code in the Financial data table and identified 520 blank occurrences.

System Compatibility

Lack of coordination with IMSD in the development of the Synthesis system contributed to a compatibility problem with the County's IT standards.

Synthesis is not compatible with other County systems.

Wraparound has assigned one consultant significant administration responsibilities.

- Wraparound failed to follow the County's Information Technology Strategic Plan which calls for the implementation of the current Oracle database platform Countywide, thus rendering Synthesis incompatible with Milwaukee County technology standards.
- Wraparound circumvented guidelines established by the IMSD in the design, development, implementation, and maintenance of Synthesis. IMSD indicated that the system uses a Sequel (SQL) server data base platform that is a non-County standard. IMSD further stated that the system would have difficulty communicating with other County systems such as SCRIPTS and support is not available from IMSD for a SQL server.
- Synthesis was developed in 1999 almost entirely by consultants. Wraparound has no County employees formally trained in the system administration and support for the Synthesis system. Instead, Wraparound continues to rely substantially on consultants in the system administration and support of Synthesis. As an example, Wraparound has assigned one consultant significant and perhaps complete system administration responsibilities. This consultant supervises the other consultants, manages system changes, is responsible for data queries and system reports, as well as the overall data integrity of Synthesis. Consequently, we were unable to obtain firm answers to questions related to the Synthesis data file updates during the absence of the main consultant.
- Synthesis is a web-based vendor-accessible client tracking and vendor billing system, thus requiring an internet service provider (ISP). A vendor contracted by Wraparound to provide ISP services sub-contracted with a separate company to provide the services. In 2000, the subcontractor went bankrupt, thus causing a disruption of ISP services and ultimately a disruption in the Wraparound program. Because the Synthesis system was not developed under the required County information technology platform, it was difficult for IMSD to readily provide services due to incompatibility issues. The ISP services were eventually rectified and restored, but still remain vulnerable in the event a changeover of ISP hosting services is required.

Several of these data integrity problems were brought to the attention of Wraparound management during the course of our review. Correspondence from the consultant used by Wraparound to act as Synthesis System Administrator indicates corrective action is underway to address the concerns.

To address data integrity concerns we have shared with the Wraparound Program administration, we recommend that MHD management:

8. *Develop policies and procedures addressing critical data entry coding protocols necessary for ensuring accurate and complete client information is properly entered into the Synthesis system.*
9. *Perform random spot-checks of Wraparound client data within Synthesis against source data to verify that system information is complete and accurate.*
10. *With the advice and consent of IMSD, develop back-up system administration capability within the MHD to eliminate total dependence on outside consultants for Synthesis system administration/maintenance.*

According to Wraparound management, the program has worked cooperatively with IMSD in recent months to transition web-hosting services from a private vendor to the County, with support from IMSD. This transition is expected to be completed by the Spring of 2002.

Section 3: Wraparound Program Fiscal Management

Youths enrolled in the Wraparound program are referred under order of the Children's Court.

Identifying Clients Eligible for State Funding

Youths enrolled in the Wraparound Program are referred under order of the Children's Court. Most enrollments in the program are court ordered as the result of a CHIPS (Children in Need of Protective Services) petition, a delinquency petition, or in a few instances, under both types of orders, either in succession or concurrently. Furthermore, while the two types of orders may exist concurrently, it is possible that only one of the orders directs enrollment in Wraparound.

For those youths enrolled in the program under a CHIPS order, or CHIPS and delinquency orders concurrently (referred to as dual eligibility), payment terms are set forth in contracts between the County and the three private agencies contracted by the State to administer the five Bureau of Milwaukee Child Welfare (BMCW) sites. The contracts currently specify a payment rate for Wraparound participation of \$113.91 per day for each qualified individual enrolled.

To invoice clients, Wraparound forwards a manually prepared computer spreadsheet to each child welfare site.

To invoice for program enrollments, Wraparound forwards a manually prepared computer spreadsheet to each BMCW site every month. Entry of information on the spreadsheets is accomplished with the use of reports generated from the Synthesis system, hard copy enrollment documentation, such as copies of court orders and docket sheets, and look-ups in both the Synthesis and the State's WISACWIS system. Calculation of billing amounts, including adjustments for periods of enrollment that are not fully compensated due to the nature of the client's physical placement or dual eligibility enrollment, is also performed manually.

Present CHIPS billing procedures were implemented in response to recommendations stemming from a review conducted by the State Office of Program Review and Audit (OPRA). The results of this review, which contained recommendations to address shortcomings identified with the Wraparound and BMCW sites' billing and payment processes, were communicated in a report issued in August 2000.

Missed Billings

Although modifications were incorporated into the CHIPS billing and payment processes as a result of the OPRA recommendations, we have identified two problems that have had a significant adverse impact on program revenue. First, in our review of 2001 billings, which focused on one of the five BMCW sites, we identified 12 instances in which Wraparound failed to bill for client enrollments. As noted in **Table 1**, the unbilled amounts in 2001 ranged from \$767 to \$38,892 through the November invoicing for the 12 clients. The amount of missed billings may have resulted in lost revenue totaling \$260,300, had this problem not been brought to the attention of management. In response to notification of the missed billings, claims have been submitted to the State by Wraparound. It should be noted that according to Wraparound management, the program billed and collected more than \$200,000 in Medicaid funding for these same clients.

We identified 12 instances in which Wraparound failed to bill for client enrollments totaling \$260,300.

Table 1
Missed CHIPS Billings
January Through November
2001

<u>Client</u>	<u>Enrollment Date</u>	<u>Missed Billing Amount</u>
1	07/25/97	\$33,718
2	08/15/97	37,381
3	10/21/98	15,737
4	11/25/98	2,190
5	12/21/98	9,965
6	07/12/99	35,607
7	08/25/99	25,532
8	08/30/99	767
9	02/14/00	38,892
10	09/28/00	37,136
11	10/01/00	18,557
12	10/11/00	4,818
Total		\$260,300

Source: Synthesis and Wraparound CHIPS billing records.

Because identification of the 12 instances of missed billings were the result of a review focused on only one of five sites, this suggests there may have been a number of other missed billings for 2001. With contractually imposed time limits for submission of billing claims, we recommended to Wraparound management during the course of this audit, that a comprehensive review of all 2001 enrollments should be undertaken immediately. Utilizing this approach would enable Wraparound to not only uncover additional instances of missed billings, but also submit claims ahead of the contractual deadline imposed for 2001 enrollments.

Wraparound has promptly undertaken our recommended billing review and has begun submitting claims to the State for missed billings.

In response to this recommendation, Wraparound has promptly undertaken the review and has already begun submitting claims to the State for additional instances of missed billings prior to the issuance of this report. Additionally, Wraparound management has implemented changes to Synthesis programming and data entry procedures to avert future instances of missed billings. Although these actions are essential to rectify the primary

shortcomings that led to the failure to bill for clients, further procedural changes are needed. For example, it appears that for one of the 12 clients we examined, information indicating the youth's eligibility for CHIPS billing was not communicated to personnel responsible for Synthesis data entry or invoicing in spite of attendance by other Wraparound staff at court proceedings and central staffing sessions.

Instances of unbilled enrollment periods had also taken place in years prior to 2001.

It should be noted that since contracts with the BMCW sites require submission of billings "within 60 days of the close of the calendar year," billings missed for years prior to 2001 have been forfeited. As a result, we limited our work in this area to a review of four of the 12 clients with missed billings in 2001. With this limited review we concluded that, similar to 2001, instances of unbilled enrollment periods had also taken place in previous years.

The amount of lost revenue over prior years could be substantial.

For instance, data in Synthesis indicates that one of the four clients had been enrolled in the program under CHIPS order since July 1997. However, in addition to failure to bill for enrollment in 2001, it appears that there were no billings for this individual in 1998, only six months were billed in 1999, with no amounts collected, and there were no billings in 2000. In another case, there were no billings for the client's period of enrollment in 2000. In a third instance, there were no billings for 2000 enrollment for an individual who was eligible for CHIPS funding beginning in May 2000. Consequently, if the level of missed billings for prior years are comparable to those of 2001, the amount of lost revenue over these years could be substantial.

During our review, we also noted that in some cases documentation in client files does not adequately support, or is inconsistent with, Synthesis data used by billing staff to determine whether or not a client enrolled is eligible for CHIPS

billing. For instance, for one client there was no indication from copies of court orders or docket sheets, to suggest that the client had any CHIPS association, whereas data in Synthesis contained data indicating that enrollment was directed under a CHIPS order. This suggests that either copies of all court documents are not being placed in client files, errors are occurring in the interpretation of court documents, there was a data entry error, or any combination of these problems.

Disputed Billings

The second problematic area associated with the CHIPS billing process involves significant levels of billings that were uncollected for years stemming back to 1998, with the State's take-over of the child welfare system in Milwaukee County. Based on Wraparound records, CHIPS billings in excess of \$1.1 million was in dispute for 1998 and the amount in dispute for 1999 was potentially in excess of \$3 million. These billings were in dispute due to various circumstances upon which Wraparound and the State disagree. Because there was no formal tracking mechanism in place to monitor uncollected billings for 2000, Wraparound management was unable to provide us with the total amount of disputed billings for that year. However, findings contained in the OPRA report, particularly references to the lack of timeliness and high error rate for billings, suggest that a substantial level of disputed billings may have occurred in 2000 as well.

CHIPS billings in excess of \$1.1 million and \$3 million were in dispute for 1998 and 1999, respectively.

According to Wraparound management, had these billings been collected, a portion of the funds may have been subject to recoupment by the State due to the State's Allowable Cost Policy. However, this is not clear because of Wraparound's unique 'blended revenue' approach.

It should be understood, that according to the OPRA report, there were numerous factors that led to problems with the billing

Disputed billings were a clear indication that a formal billing tracking system was needed.

process, including the need for improvement with procedures followed at the BMCW sites, which are not under the control of Wraparound management. However, the significant level of disputed billings in 1998 and also in 1999, are a clear indication that there was a resounding need for a formal process to track uncollected billings and deploy the resources required to ensure amounts owed by the State were collected for these years.

Lack of a Written Contract with the State

In 1998, services were provided without a written contract with the State.

In 1998, nearly \$9 million of services were provided by Wraparound under a 'hand-shake' agreement with the State. In functioning without the guidance of a written contract, it is easy to envision how numerous misunderstandings would occur between Wraparound and the State in regard to billings. It would also be a reflection of how Wraparound's position may have been significantly weakened regarding efforts to resolve disputed billings. A contract was subsequently established for 1999.

Regarding 1999 disputed billings, in a letter to the State, dated October 25, 1999, Wraparound indicates that billing problems are attributable to the State's failure to enter client data on the information management system and specify the documentation required for clients older than age 18. The letter also indicated that the State's denial of other billings was contrary to an agreement reached on payment for certain cases that were not staffed by BMCW. Whereas a letter sent from the State to Wraparound, dated March 27, 2000, indicates 1999 billings were denied because "Wraparound enrollments and billings were not in compliance with the contract terms."

Wraparound management indicated that the disputed billings did not result in tax levy support.

Wraparound management indicated that disputed billings in 1998 and 1999 did not result in the need for tax levy support for the program since there were sufficient funds available under a federal grant to make up the revenue shortfall. This is only true if Wraparound is not allocated its proportionate share of indirect

administrative costs (overhead). Management further explained that any amount of the federal grant not used to supplant the uncollected CHIPS billings would have been returned to the federal government. However, federal funding dollars that would have otherwise been returned had they not been used to supplant uncollected CHIPS billings could have been utilized for improvements to the CHIPS billings process or other business functions that interface with Synthesis.

According to MHD records, Wraparound incurred a deficit of \$961,000 in 2000.

In 2000, Wraparound reported a deficit of \$961,000. However, if Wraparound's full proportionate share of overhead charges are included, the program required \$1.56 million in property tax levy support for that year. Although management was not able to provide us with a figure for uncollected billings in 2000, the loss of any revenue in this year resulted in the need for tax levy support to fund the shortfall. To Wraparound's credit, we did note written correspondence to the State which took a firm stance in Wraparound's efforts to collect disputed billings.

Based on the level of uncollected billings as of the receipt of payments through the September 2001 billings, noted in **Table 2**, significant collection problems continue in spite of changes incorporated into the billing process to enhance coordination between Wraparound and the BMCW sites recommended in the OPRA review. As shown in **Table 2**, billings totaling about \$732,000 remain outstanding from the period January through September 2001, representing about 9.5% of the \$7.7 million billed. The numbers presented in the table do not reflect the claims submitted to the State for billings that were missed by Wraparound during 2001, which significantly increase the total.

Table 2
Outstanding CHIPS Billings
For the Period January Through September
2001

<u>Month</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Amount Outstanding</u>	<u>Percent of Month's Billings</u>
January	\$841,913	\$828,005	\$13,908	1.65%
February	776,864	767,337	9,527	1.23%
March	869,317	838,737	30,580	3.52%
April	849,250	807,308	41,942	4.94%
May	896,558	810,703	85,855	9.58%
June	852,316	776,973	75,343	8.84%
July	920,165	787,398	132,767	14.43%
August	873,875	672,183	201,692	23.08%
September	<u>859,224</u>	<u>718,772</u>	<u>140,452</u>	16.35%
Total	\$7,739,482	\$7,007,416	\$732,066	9.46%

Source: Wraparound billing records and auditor analysis.

Although we were informed by Wraparound management that among other steps, monthly meetings with representatives of each BMCW site were instituted to resolve billing issues on a more timely basis, it appears from the level of outstanding billings, further process improvements and better coordination with BMCW sites is warranted.

To ensure that all funds owing for youths enrolled in the Wraparound Program pursuant to a CHIPS court order are billed, and that they are collected in a timely manner, we recommend that MHD management:

11. *Complete implementation of the recommendation made during the course of this audit to perform a comprehensive review of all clients in the program for additional instances of missed billings in 2001 and the incorporation of changes in Synthesis programming and data entry procedures previously discussed.*
12. *Establish the timely collection of all CHIPS billings, including those previously missed due to process shortcomings, as a high priority of management. This*

should be accomplished through implementation of a formal process to identify, categorize, and document the causes for the sites' high level of rejections of claims, collaboration with BMCW sites to develop solutions that will improve the process, and close monitoring of outstanding claims.

13. *Review the CHIPS billing process beginning from the earliest point information is available that indicates a CHIPS court order, or an extension of a CHIPS order, that specifies enrollment in Wraparound. Then develop and document a formal communication process between program personnel (court liaisons, care coordinators, etc.) who attend court proceedings or central staffing reviews and those responsible for Synthesis data entry and CHIPS billings.*
14. *Develop a quality assurance mechanism to ensure all necessary court directives have been properly interpreted and related documentation is placed in client files so that files are consistent with, and support data in Synthesis.*

We also believe the recommendations presented in **Section 2** of this report designed to strengthen Synthesis data integrity will also result in improved billing proficiency for the Wraparound Program.

Reconciliation of Incompatible Information Systems

Most disbursements for Wraparound stem from client services acquired from the vendor fee-for-service network using the Synthesis system, with payments later made through the SCRIPTS system. The results of these transactions are then recorded in the County's Advantage accounting system. Based on MHD records, Wraparound client services acquired through the Synthesis system in 1999 and 2000 totaled \$28.3 and \$25.1 million, respectively. Wraparound purchase of service expenditures acquired outside of Synthesis, through contracts and other means but still paid through SCRIPTS, totaled approximately \$62,000 in 1999 and \$1.1 million in 2000. In 2001, client services acquired through the Synthesis system are budgeted at \$25.3 million and purchased services to be acquired outside Synthesis are budgeted at \$2.3 million.

Payments for Wraparound services are made through DHS' SCRIPTS system.

A reconciliation process for expenditures was not put in place until 1½ years following implementation of Synthesis.

A reconciliation process for purchased services expenditures paid through the SCRIPTS system was not put in place for the Wraparound Program until approximately 1½ years following implementation of the Synthesis system. Although the Synthesis system was implemented in December 1999, the first reconciliation for the program, which covered the period January through April 2001, was not performed until May 2001.

Consequently, prior to 2001, there were no effective means to ensure that expenditures made through the SCRIPTS system had been correctly reflected in the County's Advantage accounting system, nor was there the ability to recognize instances in which overpayment of vendors or misappropriation of funds occurred.

For instance, the ability to develop accurate year-end accounting estimates to ensure transactions are reflected in the proper period, or that expenditures were charged to the appropriate program, did not exist. To illustrate the impact of this lack of financial accounting control we noted that, during the period January through September 2001, there were more than \$121,000 of expenditures associated with either the Child Welfare Division's ongoing case management operations or the Safety Services Program that were charged to Wraparound in error. Because reconciliations were ultimately performed retroactive to January 2001, these errors were identified and corrected in the current year. However, since reconciliations were not performed in prior years, there is no way to determine the fiscal impact that this type of error had on any of these programs prior to 2001.

Our review in this area focused on the Wraparound Program, but because the Safety Services Program service acquisition and payment process closely parallel Wraparound in many respects (use of Synthesis to acquire services, vendor payments made

with SCRIPTS) it is recognized that issues identified apply to the Safety Services Program as well.

Reconciliations have not been performed between Synthesis, SCRIPTS and Advantage.

After the initial reconciliation in May 2001, monthly reconciliations between Synthesis and SCRIPTS have been performed in a timely manner. However, reconciliations have not been performed between these systems and Advantage, a process necessary to ensure that financial transactions, including adjustments made as a result of errors recognized earlier in the reconciliations between Synthesis and SCRIPTS, have been correctly reflected in Advantage.

We also noted during our review that payments totaling \$464,144 to two vendors (\$194,832 to one vendor under a consulting contract and \$269,312 to another vendor under a purchase of service agreement) were made by Wraparound using SCRIPTS in 2001. Since there is no formal monitoring mechanism for contract payments made using SCRIPTS, control could be enhanced if contract payments were processed through DOA's Accounts Payable Section, where controls are in place to ensure payments do not exceed contract maximums and are recorded in the proper period.

To ensure that the overall fiscal condition of the programs is accurately reflected and County funds are properly safeguarded, we recommend that MHD management:

15. *Continue timely preparation of monthly reconciliations of all transactions between the SCRIPTS and Synthesis systems as well as reconciliation to the County's Advantage system.*
16. *Arrange for payment of 2002 purchase of service contracts through DOA's Accounts Payable Section.*

Quality Assurance Efforts

Wraparound Milwaukee has a well-established quality assurance/quality improvement function that is a key component of a newly centralized quality assurance (QA) effort by the DHS.

The process used by Wraparound to recoup overpayments to vendors needs strengthening.

However, the process used by Wraparound to recoup overpayments to vendors for unallowable costs needs strengthening.

The Wraparound QA team gives agencies reviewed an opportunity to provide written responses to the team's initial findings. Subsequently, terms of corrective action plans and an agreed-upon repayment schedule for the recovery of any disallowed amounts are implemented.

There is no system in place to accurately track recoupment payments to Milwaukee County.

The agencies are given two options: to pay the outstanding balance in full, or to have Wraparound take an agreed-upon amount monthly from their accounts before payments are made by Wraparound to the agencies. Currently, there is no system in place to accurately track payments made to Milwaukee County by service providers or other agencies with disallowances. Wraparound staff enter payments into a computer spreadsheet. These payments are not properly documented against the individual agencies in question. Failure to document payments makes it difficult to track or correctly identify balances owed. When asked about a payment tracking system, Wraparound administration stated they are currently in the process of creating a system to better track recoupments.

Reports from the QA team and Wraparound staff do not always agree.

In addition to Wraparound's internal spreadsheet, the staff relies on the Quality Assurance Wraparound Audit Status Report. The reports from the QA team and Wraparound staff are not always consistent. For example, in some cases, both reports for the same agency for the same period, have different balances owed and different amounts paid.

During the period January 2000 through October 2001 the QA team reported a total preliminary disallowance of \$380,954. Preliminary disallowances are amounts determined by the QA

team prior to receiving a written explanation from the agencies in question.

After an explanation was given to the QA team, and a final disallowance determination was made, Wraparound still had 19 agencies with a balance owed of \$195,401. Payments totaling \$54,459 were subsequently made to Wraparound. A total of \$58,968 is owed, but probably not collectible from agencies that have been terminated from the network. An outstanding balance of \$81,975 remains from agencies still providing services.

To strengthen the QA process and to enforce collection of payments disallowed during QA reviews, we recommend that MHD management:

17. *Work with the centralized QA function within the Management Services Division of DHS to implement a monitoring and tracking system for recoupments.*

Section 4: Wraparound Program Promotion

The Milwaukee County Ethics Code Ordinance (Chapter 9 of the General Code of Ordinances of Milwaukee County) encourages elected officials and County employees:

“...to meet with clubs, conventions, special interest groups, political groups, school groups and other gatherings to discuss the affairs of the County relative to the duties of that elected official or employee.”

However, the same Ordinance states that a County employee:

“...may receive and retain reimbursement or payment of actual and reasonable expenses for a published work or for participation in a meeting and may receive and retain reasonable compensation if the work is published or the activity is accomplished by the county elected official or employee without the use of the county's time or resources and outside the course of his/her official duties.”

The Ethics Code further declares:

“The proper operation of democratic government requires that...decision and policy be made in the best interests of the people, the community, and the government; that public office not be used for personal gain.”

The lines between official job responsibilities and personal business endeavors have become blurred.

Our review of the Wraparound Milwaukee Program indicates that administrative decisions have been made and practices implemented that have blurred the lines between official job responsibilities and personal business endeavors of Wraparound administrators. Consequently, these lines have been blurred to such an extent that at least the appearance of a conflict of interest has developed.

Practices contributing to this appearance of a conflict of interest include:

Almost all of the Director's travel and training expenses are paid through a private agency under contract with Wraparound.

- Most of Wraparound staff's travel and training expense payments/reimbursements, including almost all of the Wraparound Director's travel and training expenses, are paid through a private agency under contract with Wraparound, rather than through the County's accounts payable system. This results in loss of a separate layer of review (the Director approves his own expense reimbursements), a weakening of controls designed to prevent duplicate or unallowable expenditures under the County travel ordinance, as well as an administrative markup of 5% paid to the private agency processing the payments.

In reviewing some of the Director's expense reimbursements, we found several irregularities. These included an instance of the Director approving as a Wraparound expense two roundtrip airfares totaling \$2,056 for himself and the Assistant Director to make a conference presentation, even though they were both on leave time and they accepted a consulting fee for the engagement. A separate instance was noted of the Director approving an airfare as a Wraparound expense after he had already received reimbursement from an outside entity. One instance was identified of the Director approving additional lodging expense for his wife while attending a conference in Israel on behalf of the Wraparound Program.

- The Wraparound Director attends several conferences throughout the country each year on behalf of the Wraparound Program, and in several instances makes presentations of the Wraparound Milwaukee model. In addition, the Director accepts several speaking and consulting engagements as a private consultant, noting such engagements on an annual ethics statement in conformance with Chapter 9 of the County Ordinances. However, the Director makes the decisions as to whether an engagement is in his capacity as Wraparound Director, with associated expenses appropriately charged to the program, or in his capacity as a private consultant, in which case he is prohibited from using County time or resources.

The Director told us that one way he distinguishes the two roles is that if he is **receiving** an educational benefit, it is a justifiable Wraparound training expense. If the Director is **providing** expertise or advice to other entities, he said it would be unreasonable for Wraparound Milwaukee to support an extensive amount of time away from the program for that purpose, so he takes vacation time and charges a consulting fee. However, this distinction is further blurred when the Director uses Wraparound letterhead for his personal consulting invoices, which we found in some instances. While the Director indicates he normally informs the MHD Administrator when he engages in consulting activities, and the Administrator confirmed general

knowledge of the Director's consulting activities, there is no formal request or scrutiny of specific engagements.

We also noted that the Wraparound Assistant Director has received personal compensation for consulting services provided to the State of New Jersey, even though the State of New Jersey had previously paid the Wraparound Program a consulting fee for the Assistant Director's, as well as other Wraparound staff's, time during a separate site visit to Milwaukee County.

- We identified numerous instances of errors on the Wraparound Director's ethics statements for 1999 and 2000, mostly involving the dates indicated for events and the specific source of outside funding of consulting fees and/or expenses. The Director indicated to us he had in some instances misinterpreted the ethics statement instructions and indicated dates of payments rather than events. However, we also found discrepancies between revised dates of events the Director provided us and the actual dates of events, in some cases showing that consulting fees were earned on dates for which the Director was on the County payroll.

One practice that contributes to this appearance is the Director's decision to process thousands of dollars of training and related travel cost reimbursements for Wraparound staff through a private agency under contract with the Wraparound Program, rather than through the County budgetary accounts established for those purposes. Additionally, because contract payments by the Wraparound Program are made through the DHS' SCRIPTS system, rather than through the County's centralized accounts payable system using the Advantage financial system, a separate layer of review is absent from Wraparound travel expenditures.

The normal County layer of independent review is absent for Wraparound travel expenditures.

Travel and Training Expenses

In reviewing travel and training expenses of the Wraparound Program, we were unable to obtain much of this information from the County's Advantage financial system or from central files established for each County employee reimbursed for travel expenses by DOA's Accounts Payable Section. We found many of these types of reimbursements were made by a private

The private agency contract includes \$25,000 for miscellaneous training and consultants for the Wraparound Program.

agency under contract with the Wraparound Program. The contract, in the amount of \$223,460 for 2001, includes \$25,000 for miscellaneous training and consultants for the Wraparound Program. Prior to 2000, this contract was between the private agency and the State of Wisconsin, funded under the federal grant initiated in 1994 to develop the Wraparound Milwaukee Program.

According to the language contained in a memo to the Health and Human Needs Committee dated November 22, 2000, Wraparound indicated it had assumed from the State Bureau of Mental Health, responsibility for a contract for “. . . Management Information System Support, Program Evaluation Activities and Training Services for Wraparound Milwaukee which had been required as part of our CMHS federal grant. While that grant ended in 2000, Wraparound Milwaukee is still expected by the Bureau to evaluate client outcomes and collect data for enrolled youth and will continue the agreement....” It is unclear from this verbiage, or from the language contained in the annual contracts with the private agency from 1999 through 2001, that training dollars are intended for Wraparound staff to travel to out-of-town conferences for purposes of providing training or informational presentations to others. However, documentation indicates that the training funds processed through this contract were often used for such purposes.

According to the Wraparound Program Director, Wraparound travel and training expenses are processed through this contract, rather than through the County accounts payable system, for ease in obtaining timely advances on short notice and for quicker reimbursements. He noted that budgeted funds available for Wraparound staff travel and training within the County’s financial budgeting system are not fully spent, so there is no question of the availability of funding for those purposes. For 2000, we confirmed that the Wraparound Program expended less than

Travel expenses processed through the private agency contract are not coded to the County travel and training accounts.

\$12,000 through Accounts Payable out of an appropriation of \$30,000 for meetings and other authorized travel, while another \$12,000 was paid in 2000 through the private agency contract. However, the Director acknowledged that expenses processed through the private agency contract are not coded to the County financial accounts established for staff travel and training.

Based on our review of invoices from the private agency to the Wraparound Program, we identified several problems with the program's use of this mechanism for reimbursing Wraparound staff travel and training expenses. These include:

- The only supporting documentation available for review on-site at the Wraparound Program location is a contractor's itemized invoice. To review supporting source documentation such as receipts and itineraries, we had to travel to Madison to review the contractor's records. In some instances, we had to obtain this supporting detail from third parties such as a travel agency and an airline, because reimbursement checks were paid by the contractor based on a letter from the Wraparound Director with no supporting documentation.
- The Wraparound Director approves his own travel reimbursement expenses, as well as all other payments through the private agency contract.
- In January 1999, before the contract with the private agency was assumed by Wraparound Milwaukee from the State, the Wraparound Director requested reimbursement of \$2,291 out of Wraparound Milwaukee training funds for the purchase of a laptop computer. The Director attached a copy of a receipt from a local retailer. There was no involvement by the County Procurement Division of DOA.

From February 1999 through August 2001, the Wraparound Director attended 46 conferences totaling about \$51,000 in fees and expenses.

From February 1999 through August 2001, available documentation shows the Director of Wraparound attended a total of 46 out-of-town conferences, speaking engagements or consulting engagements. According to the Director's ethics statements on file for 1999 and 2000, supplemental information provided by the Director for our review, and on Wraparound contractor and County accounts payable records, the fees and expenses associated with these events totaled about \$51,000.

However, the Director indicated he did not always include all expense reimbursements pertaining to these events on his ethics statements.

As a result of our review of travel reimbursements, consulting fees identified on the Wraparound Director's ethics statements, the Director's timesheets and documentation obtained from third party payors, we interviewed the Director to discuss several discrepancies. Subsequently, the Director asked for the details of each questioned item so that he could further review his personal records and reimburse any remaining amounts deemed inappropriate. A description of eight questioned items totaling \$6,196.75 was provided to the Director, and appears as **Exhibit 2**. The Director's response to the questioned items appears as **Exhibit 3**.

Based on the response from the Director and his reimbursement payment of \$4,418.67, we believe a reimbursement of an additional \$1,378.08 from the Director to Milwaukee County is appropriate.

Recommendations

To remove the appearance of a conflict of interest regarding the official duties of the Wraparound Director and his personal consulting endeavors, and to improve accountability over Wraparound travel and training expenditures, we recommend that MHD management:

18. *Require all Wraparound travel and training expenditures be processed through the normal County accounts payable system and discontinue processing such expenditures through a private agency contractor.*
19. *Establish a formal advance approval process, involving the sign-off of a superior, for any consulting engagements that have any potential connection, real or perceived, with a County employee's job responsibilities.*

20. *Request an additional reimbursement from the Wraparound Director of \$1,378.08 for personal consulting fees obtained while on the County payroll, in violation of Section 9.15 of the Milwaukee County Ordinances.*

The situation with Wraparound demonstrates how the lines between official job responsibilities and personal business endeavors can become blurred. A copy of this report has been provided to the Milwaukee County Ethics Board for its information.

Audit Scope

The Milwaukee County Board of Supervisors passed Resolution 01-421 in July 2001. The Resolution authorized and directed the Director of Audits to perform an audit of Milwaukee County's Wraparound Milwaukee Program. Our audit focused on program administration, effectiveness of the program's information system, management of fiscal issues and program promotion. The audit was conducted with standards set forth in the United States General Accounting Office *Government Auditing Standards*, with the exception of the standard related to periodic peer review. It is anticipated our next peer review will be conducted in 2003. We limited our review to the items specified in this Scope section. During the course of this audit we:

- Interviewed Wraparound management, staff and selected program contractors and consultants;
- Reviewed and utilized flow-charts of the Wraparound Milwaukee service delivery process;
- Reviewed County Ordinances, resolutions, budgets and various contracts, correspondence and lease agreements regarding the Wraparound Milwaukee Program;
- Reviewed prior audit and consultant reports regarding the Wraparound Program;
- Interviewed representatives of Procurement Division, IMSD, GAMP, Corporation Counsel and Mental Health Division;
- Determined whether Wraparound complied with County regulations, policies, and procedures;
- Reviewed information reports from Synthesis, SCRIPTS and Advantage;
- Analyzed and tested the integrity of the Synthesis information system;
- Reviewed and tested client billing and payment systems including quality assurance efforts;
- Spoke to officials from the State of Wisconsin, State of New Jersey, and the three New Jersey counties currently leasing the Synthesis software system; and
- Reviewed ethics statements, timesheets and travel expense reports for selected Wraparound personnel.