

**2023 Annual Report
Fraud, Waste and Abuse
Investigations**

February 2024

**Milwaukee County Office of the Comptroller
Audit Services Division**

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Office of the Comptroller
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Jennifer L. Folliard
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- Director of Audits
- Deputy Director of Audits

February 14, 2024

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

We have completed an annual report concerning operation of the Audit Fraud Hotline and other related investigation activities undertaken by the Office of the Comptroller's Audit Services Division during 2023. Per Milwaukee County General Ordinance 34.095(h), the Audit Services Division is required to report annually to the County Executive and the County Board of Supervisors on the preceding year's activities related to fraud, waste and abuse.

The attached report includes a statistical summary of these activities, updates on prior investigations and brief descriptions of other fraud-related activities undertaken this year.

The nature of alleged improprieties presented to the Audit Services Division for investigation is often complex and continues to involve inter-agency cooperation with numerous governmental entities. As the Audit Services Division begins its 31st year of operating the Hotline, the experience gained from working cooperatively with County departments and offices, the District Attorney's Office, the Office of the Sheriff, and other law enforcement agencies has improved the effectiveness of our efforts to combat waste, fraud and abuse in Milwaukee County government. We believe the attached report demonstrates the value of those efforts.

Please refer this report to the Committee on Audit.

Jennifer L. Folliard

JLF/cah

Attachment

cc: Scott B. Manske, CPA, Milwaukee County Comptroller
Milwaukee County Board of Supervisors
David Crowley, Milwaukee County Executive
Mary Jo Meyers, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, Milwaukee County Board
Margaret Daun, Corporation Counsel, Office of the Corporation Counsel
Margo Franklin, Chief Human Resources Officer, Dept. of Human Resources
Michelle Nate, Deputy Comptroller, Office of the Comptroller
Aaron Hertzberg, Director, Dept. of Administrative Services
Steve Cady, Research & Policy Director, Office of the Comptroller
Ciara Miller, Research Analyst, Office of the Comptroller
Janelle Jensen, Legislative Services Division Manager, Office of the County Clerk
Clarence Kinnard, Committee Coordinator, Office of the County Clerk

Background

The Milwaukee County Board of Supervisors approved the establishment of a hotline within the Audit department on September 23, 1993. The hotline was created for concerned citizens and other interested individuals to report allegations of fraud, waste or abuse in County government. Callers are not required to identify themselves and may remain anonymous.

According to the Association of Certified Fraud Examiners,¹ tips are the most common fraud detection method. Tips account for 42% of initial fraud detection, which is nearly three times greater than the next detection method (internal audit; 16%). Tips from employees account for 55% of reported fraud. Organizations, like Milwaukee County, that operate hotlines are more likely to catch fraud by a tip, detect frauds quicker and experience fraud that is nearly 50% smaller than an organization without a hotline. In addition to the telephone hotline, fraud complaints can be made using a dedicated email address and a website-based online reporting form². Industry trends show that telephone-based tips have declined and the use of email or an online form to make a report have increased.

The Audit Services Division (ASD) is authorized by Wisconsin state statute § 59.225(j)³ and Milwaukee County ordinance § 34.095 to investigate allegations of fraud, waste and abuse.

In April 2015, following the approval of both the County Executive and the County Board of Supervisors, ordinance § 34.095 took effect. Under the ordinance, county employees, officials, contractors, vendors, and program clients are required to cooperate in an investigation, ASD has increased access to records and premises, retaliation against people who cooperate with an investigation is prohibited and allegations or known instances of fraud, waste and abuse are to be reported to ASD.

Tips and tip information are assigned general internal codes for data tracking purposes and to help create scope as to the frequency and predominate types of alleged fraud occurring in Milwaukee County. For example, a report that employee #1 allegedly stole County property and employee #2 falsified his time would both be coded as "Employee Misconduct." In 2022, ASD reviewed and revised the codes to better define the scope and behaviors subject to each code.

In 2022, ASD created the action code "Resolved" which is defined as "the received complaint required some investigative activity which did not warrant opening a case and no further action was needed or required." In prior years, many of these types of complaints were ultimately coded as "Decline." Using the "Decline" code in those situations artificially inflated the number of complaints which were declined as well as undercut the investigative activity performed by ASD personnel in response to the provided information.

¹ *Occupational Fraud 2022: A Report to the Nations*. Copyright 2022 by Association of Certified Fraud Examiners, Inc.

² <https://county.milwaukee.gov/EN/Comptroller/Fraud-Waste-Abuse>

³ The comptroller shall perform all audit functions related to county government. The comptroller shall also have the duties and all the powers and responsibilities conferred upon the clerk as auditor under s. [59.47 \(1\)](#), and shall perform any additional duties and shall have any additional powers as are imposed and conferred upon him or her from time to time by resolution adopted by the board. Audit functions under this paragraph shall be performed in accordance with governmental auditing standards issued by the comptroller general of the United States and generally accepted auditing standards.

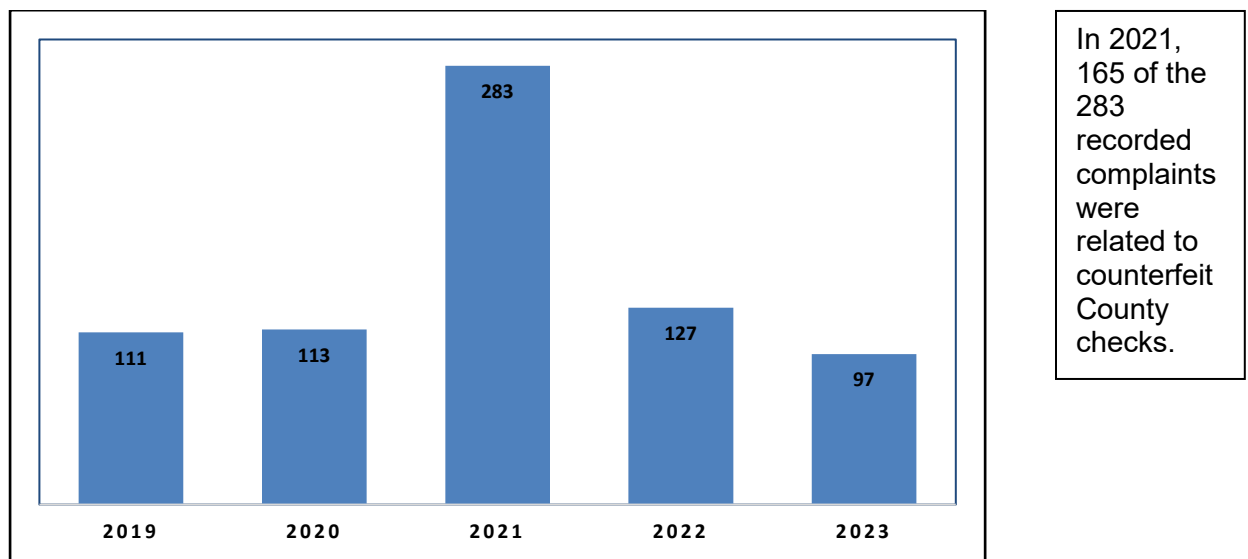
Summary of 2023 Investigative Activity

Complaints

ASD received 97 complaints (tips) in 2023. For comparison, in 2022, ASD received 127 tips. In 2021, ASD received 283 tips. Most of those tips (165) were related to counterfeit checks; complaints for other matters totaled 118. In 2020, ASD received 113 complaints; in 2019, 111 complaints.

Figure 1 displays the number of complaints received annually from 2019 to 2023.

Figure 1



The 2023 figure, as well as prior years' figures, do not include contacts with ASD where personnel directed the complainant to a more appropriate agency before a complaint record was created. For example, when a person calls and speaks to ASD personnel about an alleged fraud involving a state Department of Health Services (DHS) program, ASD personnel will provide the person with the telephone number for the DHS Office of Inspector General (OIG) and not make a record of the contact.⁴

The 2023 complaints are categorized by source in **Table 1** and presented graphically in **Figure 2**. Complaints considered made by employees or officials in the course of their normal duties are coded "County Department." "Other" includes complaints made by mailed letter, contacts with individuals that do not fit other categories and ASD initiated. Complaints made using the dedicated fraud reporting email address and the online reporting form collectively surpassed the number of complaints by telephone in 2023.

⁴ ASD personnel will record allegations when the County is involved in the administration of a state program or serves as a pass-through agency for state funding.

Table 1
Allegations of Fraud, Waste or Abuse Contact Origin

Website	32
County Department	31
Fraud Hotline	26
Fraud Hotline Email	7
Other	1
Total	97

Figure 2

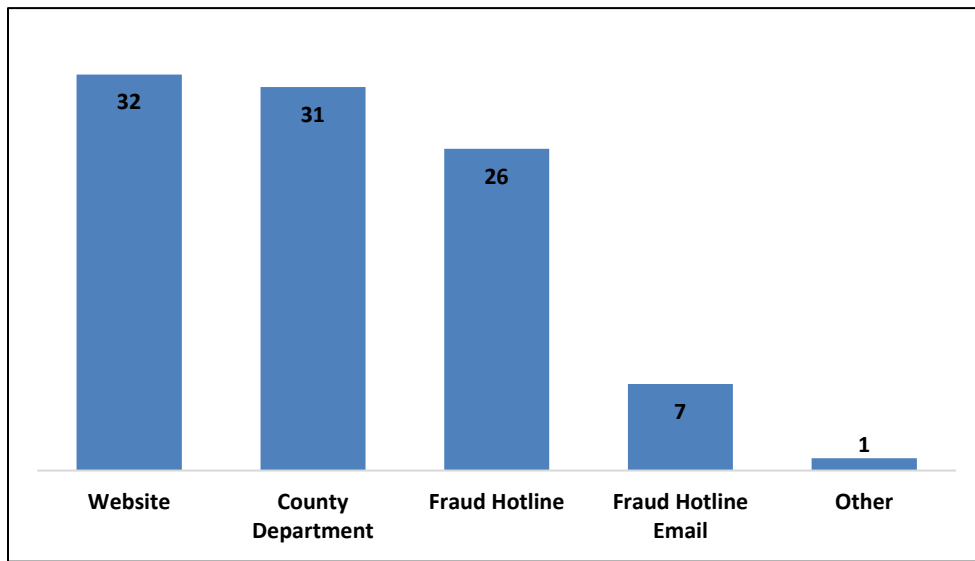
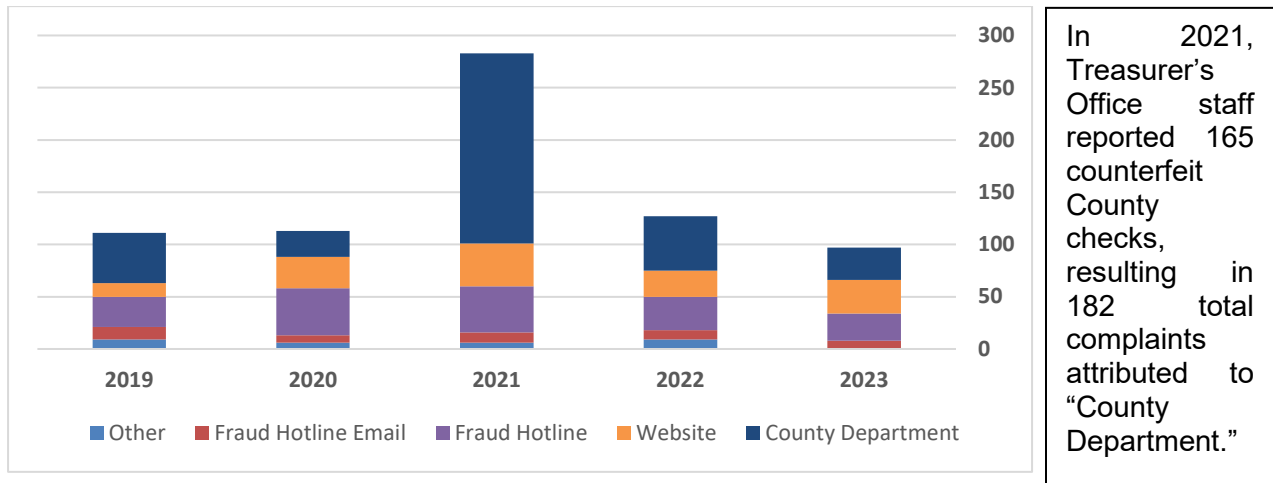


Figure 3 presents a comparison of complaint sources from 2019 through 2023. For year 2021, ASD received 182 complaints attributed to “County Department” because Treasurer’s Office staff reported 165 counterfeit County checks.

Reports from a County employee are consistently one of the more common ways ASD receives complaints. Per ASD’s operating ordinance, County employees are required to report to ASD all known or alleged instances of fraud, waste or abuse. In line with industry findings, complaints made using electronic media exceeded complaints made using the fraud hotline telephone number in 2021, 2022 and 2023.

Figure 3



In 2021, Treasurer's Office staff reported 165 counterfeit County checks, resulting in 182 total complaints attributed to "County Department."

The received complaints were assigned a category code based upon the nature of the alleged misconduct. **Table 2** shows the complaints received in 2023 by category. For this report's purpose, "Personnel Misconduct" refers to allegations related to County employees and officials.

**Table 2
Allegation Categories**

Non-County	36
Counterfeit/Unauthorized Transaction	26
Personnel Misconduct	19
Public Assistance Fraud	12
Other Fraud	2
Vendor/Provider Fraud	1
Unfair/Improper Hiring Activities	1
Total	97

Complaint Dispositions

ASD opened three cases in 2023. Two of the cases were predicated by complaints received in late 2022. For the remaining 2023 complaints, ASD either 1) referred the information to a more appropriate agency or department for action, 2) performed investigative activity which brought the complaint resolution, 3) determined that no action was required or 4) other appropriate action as dictated by the received information.

Table 3 breaks down the disposition of all recorded complaints in 2023 as whole numbers and a percentage⁵.

⁵ Due to rounding the percentages to whole values, the total percentage does not equal 100.

**Table 3
Disposition**

Referred	40	41%
Resolved	34	35%
Declined	19	20%
Pending	2	2%
Case Opened/Related to a Case	1	1%
Other/Provided Information	1	1%
Total	97	100%

A complaint may be declined because the matter does not involve County government, there is insufficient information to begin an investigation, investigating the matter would be a duplication of efforts or ASD does not have the resources available to sufficiently address the allegation.

Table 4 identifies only the cases opened in 2023 by complaint category.

**Table 4
Cases Opened**

Personnel Misconduct	2
Vendor/Provider Fraud	1
Total	3

Case Status

As of year-end 2023, five cases remained active investigations. These cases remain open due to complexity, need to work with other agencies or overall demand of resources.

Case Highlights

Update to Case # 22006

In August 2022, ASD received a complaint of alleged emergency rent assistance fraud. In summary, an emergency rent assistance applicant allegedly submitted false information as part of an application for many months' back rent. The landlord also allegedly provided false information as part of the application. Based upon the received application, the County vendor approved and issued a payment to the landlord. The reported loss due to the alleged fraud was \$13,000.

In December 2022, the District Attorney's Office filed Milwaukee County case number 22CF4945 against the landlord, Michelle Edwards, and case number 22CF4946 against the applicant, Cory Rogers. Both Edwards and Rogers' charges include felony theft by false representation. In June 2023, Edwards and Rogers entered into deferred prosecution agreements which included a guilty plea. In September 2023, the parties paid \$5,000 in restitution. While the parties have entered a plea, these cases have not concluded. All parties are innocent until proven guilty.

Counterfeit/Unauthorized Transactions

In 2023, ASD recorded 26 complaints related to fake County checks, genuine checks which were intercepted and deposited by unauthorized individuals or fraudulent electronic fund transfers; in 2022, ASD recorded 35 complaints.

Fraud Risk Assessment

In 2023, ASD piloted a fraud risk assessment in specific divisions within the Comptroller's Office. Fraud risk is the possibility that a person may gain something of value through willful misrepresentation (being dishonest on purpose). Put simply, the goal of a fraud risk assessment is to first think of all the ways a person may commit fraud against the organization, determine how much the organization may be harmed by a fraud and then determine what the organization may do to reduce the possibility of the fraud. The primary tools of the fraud risk assessment were fraud scenario brainstorming sessions with knowledgeable managers and staff and an officewide anonymous survey.

The goal is to eventually conduct fraud risk assessments in departments, divisions and offices throughout the County.

Outreach

In 2023, informational slides about the fraud hotline were added to the County's new employee orientation.

An informational paragraph about the fraud hotline titled "The Fraud Hotline is Always Open" appeared in the What's Up in Milwaukee County April 28 email.

Other Activity

In addition to receiving and investigating allegations of fraud, waste and abuse, ASD personnel:

- Consult on performance audit fraud risk assessments in accordance with Generally Accepted Government Auditing Standards.
- Assist other local, state and federal agencies in performing their duties related to investigating fraud, waste and abuse.
- By request, provide information for use by County departments and leadership to make better informed responses to issues of real or perceived instances of fraud, waste and abuse.

Milwaukee County Hotline Savings/Recovery (1994—2023)

These are the accumulated savings and recoveries for the program since 1994. Industry standards recognize \$1 of indirect savings for every \$1 of direct savings.

- Total Direct = \$5,522,833
- Total Indirect = \$11,045,666

Audit Services Division Mission Statement

Through independent, objective and timely analysis of information, the Milwaukee County Audit Services Division 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.



MILWAUKEE COUNTY GOVERNMENT

H O T L I N E

Ph: (414) 93-FRAUD – Fax: (414) 223-1895
(9 3 3 - 7 2 8 3)

Email: hotline@4securemail.com Website: county.milwaukee.gov/EN/Comptroller/Fraud-Waste-Abuse
Write: Fraud Hotline- 633 W. Wisconsin Avenue, Suite 904, Milwaukee, WI 53203



Milwaukee County Comptroller’s Office Audit Services Division

For Reporting:

- Incidents of fraud, waste or abuse in County government
- Concerns over inefficient Milwaukee County government operations

CALLERS NOT REQUIRED TO GIVE THEIR NAMES

----- Other Numbers -----

Milwaukee County:		Sheriff’s Office –	
Aging - Elder Abuse Helpline	414-289-6874	Community Against Pushers (Anonymous Drug Reporting)	414-273-2020
Child Support – Customer Service	414-615-2593	Guns Hotline	414-278-4867
District Attorney – Consumer Fraud Unit	414-278-4585	Internal Affairs	414-278-5399
Public Integrity Unit	414-278-4645	State of Wisconsin:	
Mental Health Crisis Hotline	414-257-7222	Child Abuse or Neglect Referrals	414-220-7233
Crisis Hotline (TTY/TDD)	414-257-6300	DOJ Consumer Protection Unit	1-800-998-0700
Minimum Wage Ordinance	414-278-4206	Wisconsin W-2 Fraud Hotline	1-877-865-3432
Employee Relations	414-278-2000	Wisconsin Child Care Fraud	1-877-302-3728
City of Milwaukee:		Legislative Audit Bureau Hotline	1-877-372-8317
Fraud Hotline	414-286-3440	Federal:	
		Medicare Fraud	1-800-447-8477
		Social Security Fraud	1-800-269-0271
		Federal Funds Fraud (FraudNet)	1-800-424-5454