



Office of the Comptroller

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

November 30, 2007

The Honorable,
The Common Council
City Hall, Room 205
Milwaukee, WI 53202

RE: Fraud, Waste and Abuse Hotline

Council Members:

On June 15, 2004, the Common Council adopted Resolution 040063 authorizing the creation of a City website to report potential fraud, waste and abuse within City government. The enclosed report summarizes Hotline operations for the year ended August 17, 2007.

The Hotline has proven to be a benefit by providing citizens with the means to report fraud, waste and abuse in the City of Milwaukee government. The established process of follow-up on these contacts has provided positive results through timely and appropriate actions. For the 2007 reporting period, 89 contacts were made to the Hotline. The majority of these contacts involved employee conduct, potential fraud, waste and abuse, and alleged criminal activity. Nearly 75 percent of all Hotline contacts were made via the City Hotline Web Page, which can be found at www.city.milwaukee.gov.

In addition to the 2007 Hotline results, the report includes results from 2005 and 2006 for comparative purposes, and also describes the Hotline reporting process. Also new to the report are Attachments II and III, which provide Hotline contacts by City department, by type of concern and by action taken for each of the three years of the Hotline's existence.

I encourage you to review this report and contact me with any questions or comments.

Sincerely,

W. MARTIN MORICS
Comptroller

WMM:dos

**Office of the Comptroller
Fraud Hotline Report
For the Year Ended
August 17, 2007**

This is the third annual report of the City of Milwaukee's Fraud, Waste and Abuse Hotline. The period reported is from August 18, 2006 through August 17, 2007 (referred to as 2007). Information for 2005 and 2006 is provided for comparative purposes.

Background

On June 15, 2004, the Common Council adopted Resolution 040063, authorizing and directing the Comptroller to establish an Internet accessible "Hotline" web page linked to the City's homepage to report fraud, waste, or abuse in City government. The "Hotline" web page was developed with the assistance of the Information and Technology Management Division in the Department of Administration. On August 17, 2004, this "Hotline" web page was made available for public use. On December 15, 2004 a Hotline telephone number was added. As indicated on the "Hotline" web page, citizens can report fraud, waste and abuse using the on-line form, email, mail, telephone, fax, or by meeting with Comptroller staff in-person.

Hotline Activity

Hotline staff received 89 new contacts in 2007. This compares to 104 contacts in 2006 and 118 contacts in 2005 (Figure 1). In addition to the 89 new contacts, there were 9 open Hotline contacts at the beginning of 2006. Of the total 98 contacts (89 new and 9 existing), 97 contacts or 99 percent were closed. The remaining 1 contact, or 1 percent, is awaiting departmental response.

Method of Contact

In 2007, 75 percent or 67 Hotline contacts were generated through the on-line submission form or direct email. Another 16 percent (14) were telephone contacts. The remaining nine percent (8) were mail or in-person contacts. Overtime, these percentages have remained fairly stable, with webpage/email the most frequent method of contact used.

Hotline Report For the Year Ended August 17, 2007

Figure 1

	2005		2006		2007	
Web Page/Email	91	77%	80	77%	67	75%
Mail	13	11%	3	3%	5	6%
Phone	10	8%	13	12%	14	16%
In Person	4	4%	7	7%	3	3%
Fax	0	0%	1	1%	0	0%
Total	118	100%	104	100%	89	100%

Source of Contact

Of the new 89 contacts received in 2007, 57 percent (51) were made by citizens. City employees generated 24 percent (21) of the new Hotline contacts. Of the remaining 19 percent of contacts, 15 percent were referrals from the Milwaukee County Hotline staff, two percent were from vendors and two percent were from City Departments.

Of all new Hotline contacts in 2007, 18 contacts or 20 percent were made by parties requesting confidentiality.

Type of Concerns

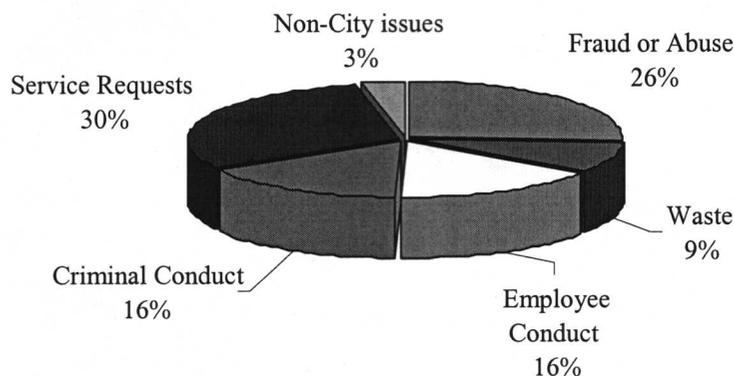
All Hotline contacts are categorized as one of the following seven types:

1. Potential Fraud/Abuse
2. Inefficiencies
3. Ethics Issues
4. Employee Conduct
5. Criminal Conduct
6. Service Requests
7. Non-City Issues

The pie chart on the next page shows that the largest category of contacts, 30 percent, was Service Requests, including those for sanitation collection, parking enforcement and building code enforcement. The next largest category of contacts was Potential Fraud/Abuse, accounting for 26 percent, or 23 of the 89 contacts. These complaints include potential employee residency violations, procurement abuse, and rent assistance

Hotline Report For the Year Ended August 17, 2007

abuse. The third largest category was City employee conduct with 16 percent, or 14 contacts. Hotline contacts regarding City employee conduct include complaints about misuse of City vehicles, unsafe driving, and misuse of City computers and telephones. Also coming in as the third largest category were Criminal Conduct allegations with 16 percent, or 14 contacts. These include complaints about identity theft, drug issues, postal theft and bribery of citizens. These complaints were referred to law enforcement agencies. Contacts involving Waste and Inefficiencies accounted for 9 percent of Hotline Contacts. These contacts range from the number of times a street sweeper passes a location, to the number of workers on a street repair, to repairs made to a new street. The last category of complaint was non-City issues, which were referred to non-City agencies. This type of issue could be a request for help from a citizen on how and what to do when their identity is stolen, or where to go for a real estate issue. There were no contacts regarding ethics issues in 2007. (Also, see Attachment II, for a summary of concerns by City department).



Of the seven complaint categories, all require at least some review and follow-up by Comptroller audit staff, with the exception of contacts classified as Non-City Issues. The complaints were referred to other government agencies with minimal audit staff involvement. Of the 89 contacts in 2007, Audit staff followed up on 76, or 85 percent. The remaining 13 contacts, or 15 percent, were found without merit.

Actions Taken

Of the 89 Hotline contacts made in 2007, 50 contacts were sent to City departments for follow-up action. Departments responded to 49 of these referrals and 1 remains under review by the department. In response to complaints about employee conduct, departments indicated that affected employees were counseled and in some cases were

Hotline Report For the Year Ended August 17, 2007

disciplined. Three contacts regarding residency rules ended with a resignation of an employee and two were found without cause for action. Departments also responded that requested services were provided, including trash removal and property inspection. The Housing Authority indicated that it investigated and took action on several complaints about Rent Assistance Program abuse. Figure II, below is a schedule of actions for the three years of Hotline operation.

Figure II

	2005	2006	2007	Total
Department Referral	80	69	50	199
Internal Audit	6	7	3	16
Criminal Referral	5	8	14	27
Non-City	9	6	9	24
Investigated No Action	6	12	11	29
No Action	<u>12</u>	<u>2</u>	<u>2</u>	<u>16</u>
Total	118	104	89	311

Of the 14 contacts alleging Criminal Conduct, all 14 were referred to the Milwaukee Police Department. MPD indicated that complaints about illegal drug activity and child abuse were under investigation. Nine contacts were referred to agencies outside the City. These included criminal activities outside of the City's jurisdiction, such as five complaints alleging identity theft were referred to the Federal Bureau of Investigation. Also, a complaint alleging Food Stamp abuse was referred to the U. S. Department of Agriculture.

Actions taken have also been broken out by department (See: Attachment III) showing that the Department of Public Works accounts for most or 33 contacts. The number of contacts requiring follow-up action by Milwaukee Police has been increasing with 17 contacts received in 2007.

Benefits

The City Hotline has proven to be a benefit by providing citizens with the means to report fraud, waste and abuse in City government. The established process of follow-up on these contacts has provided positive results through timely and appropriate actions. Based on the diverse nature of the contacts that were received during these first three years of operation, it is clear the public is utilizing the City Hotline. Although the Hotline has not yet resulted in an easily quantifiable cost recovery or cost avoidance for the City, the

Hotline Report For the Year Ended August 17, 2007

potential exists for a significant fiscal benefit. Any such savings will be disclosed in future Hotline reports.

The Hotline Process

Hotline Web Page

The City web site at www.milwaukee.gov provides a link to the Hotline web page labeled "Report Fraud, Waste and Abuse of City Resources". The department web page for the Office of the Comptroller also contains this link. When a person enters and submits information through the Hotline web page, the information is converted to an email message and sent to an email account. Access to the Hotline email account is restricted to three auditors in the Office of the Comptroller - two Lead Auditors and the Audit Division Manager. These emails indicate that they are sent from an anonymous sender unless the sender voluntarily provides an email address on the web page form. Parties submitting information to the Hotline web page cannot be identified unless they choose to provide contact information.

Direct Email

The public can bypass the Hotline web page and send messages directly to the Hotline email account at hotline@milwaukee.gov. The sender's email address is automatically included on these direct emails, so this type of contact is not anonymous.

Mail

Letters on Hotline issues can be sent anonymously or with contact information to the address below.

Office of the Comptroller
Attention: Audit Hotline
200 E. Wells Street, Room 404
Milwaukee, WI 53202

Phone and Fax

The public can contact Hotline staff by phone at (414) 286-3440 or send a fax to the Hotline at (414) 286-3281. Hotline staff can often obtain more complete information through interactive phone contacts. A caller wanting to remain anonymous is given a Hotline case number so they can call again to learn how the matter was handled. A fax identifies the sender's fax number and therefore may not be anonymous.

Hotline Report For the Year Ended August 17, 2007

In-Person

Hotline matters can be discussed in-person by visiting the Office of the Comptroller during business hours. Hotline staff will meet with the party to discuss the matter, or schedule an appointment to do so at a later time, as schedules permit.

All Hotline contacts have been in English, but if any are received in another language the Office of the Comptroller will strive to obtain translation or interpreter services.

Hotline Follow-up

Each Hotline contact is given a unique case number and a form is completed for each case indicating its disposition. An initial assessment is done to determine whether the case has merit and how it should be handled. Hotline cases are referred to appropriate parties for follow-up action.

- Referrals to City departments: Complaints about City employee conduct, such as excessive break time or misuse of City equipment are referred to City departments. Sometimes the Hotline receives routine service requests for sanitation pick-ups or infrastructure repairs, which are also referred to the appropriate department. Responses are received from departments indicating actions taken on the Hotline referrals.
- Referrals to non-City agencies: Sometimes complaints are received that do not pertain to City government. For example, a complaint about Food-Stamp Program abuse would be referred to the U.S. Department of Agriculture.
- Referrals to law enforcement agencies: Complaints about illegal activity would be referred to the Milwaukee Police Department or the appropriate Federal or State law enforcement agency.
- Referrals to Internal Audit: Hotline cases are referred to audit staff in the Office of the Comptroller for additional investigation or formal audit.

Parties providing contact information are notified about the disposition of their Hotline cases.

Hotline Statistics

Attachment I

	2005	2006	2007	Total
Method of Contacts				
Web Page/Email	91	80	67	238
Mail	13	3	5	21
Phone	10	13	14	37
In Person	4	7	3	14
Fax	0	1	0	1
Total	118	104	89	311
Source of Contacts				
Employee	28	27	21	76
Vendor	2	3	2	7
Citizen	54	52	51	157
Unknown	29	18	0	47
City Departments	0	0	2	2
Other Agencies	5	4	13	22
Total	118	104	89	311
Requested Confidentiality	71	38	18	127
Type of Concerns				
Potential Fraud/Abuse	29	20	23	72
Waste & Inefficiencies	21	7	8	36
Ethics Issues	1	2	0	3
Employee Conduct	35	29	14	78
Criminal Conduct	7	14	14	35
Subtotal	93	72	59	224
Service Requests	14	30	27	71
Non-City Issues	11	2	3	16
Total	118	104	89	311
Actions Taken				
Departmental Referrals	80	69	50	199
Internal Audit - Follow-up	6	7	3	16
Criminal Referrals	5	8	14	27
Non-City Referral	9	6	9	24
Investigated NFA	6	12	11	29
No Action	12	2	2	16
Total	118	104	89	311
Contacts				
Beginning Opened Contacts	0	21	9	0
New Contacts	118	104	89	311
Closed Contacts	97	116	97	310
Ending Open Contacts	21	9	1	1

Attachment II

Audit Hotline - Statistics
Types of Concerns by Department
For Years Ended August 17, 2007, 2006 and 2005

Department	Total	City	C. Att.	Comp	DOA	DPW	DCD	DNS	Health	Library	MPD	MFD	CDBG	Election	CC	ERS	Treasurer	HACM	Non-City
2007																			
Type of Concern																			
Potential F & A	23					11	1	3			3	1		1				3	
Waste & Ineff.	8	2			3		1								2				
Ethics	0																		
Emp Cond.	14					11		1				2							
Criminal Cond.	14										14								
Service Req.	27	2				11		5	1						1			1	6
Non-City	3																		3
Total	89	4	0	0	3	33	2	9	1	0	17	3	0	1	3	0	0	4	9
2006																			
Type of Concern																			
Potential F & A	20	1	1			7		2		1	3							5	
Waste & Ineff.	7					5	1								1				
Ethics	2						1												
Emp Cond.	29	2				13	1	3	1		3	6							
Criminal Cond.	14										7								7
Service Req.	30	1		1	1	14		9	1		1	1			1				
Non-City	2																		2
Total	104	4	1	1	1	39	3	14	2	1	14	7	0	0	3	0	0	5	9
2005																			
Type of Concern																			
Potential F & A	29	2				9	2	3						2	2	2			7
Waste & Ineff.	21	2				16	1			1	1								
Ethics	1																		
Emp Cond.	35	1	1	2		13				3	3	7			1	1	1		
Criminal Cond.	7					1			1		5								
Service Req.	14	1		1	2	8		1	1										
Non-City	11					1													10
Total	118	6	1	3	2	48	3	4	2	4	9	7	2	4	4	1	1	7	10

**Audit Hotline - Statistics
Actions Taken by Department
For Years Ended August 17, 2007, 2006 and 2005**

Department	Total	City	C. Att.	Comp	DOA	DPW	DCD	DNS	Health	Library	MPD	MFD	CDBG	Election	CC	ERS	Treasurer	HACM	Non-City
2007																			
Actions Taken																			
Dept. Ref.	50				2	32		9			3	1						3	
I.A. Follow-up	3					1									2				
Criminal Ref.	14										14								
Non-City	9																		9
Inv. NFA	11	2			1		2		1			2		1	1			1	
No Action	2	2																	
Total	89	4	0	0	3	33	2	9	1	0	17	3	0	1	3	0	0	4	9
2006																			
Actions Taken																			
Dept. Ref.	69		1	1	1	34	2	12	2		6	6						4	
I.A. Follow-up	7	1				1	1	1		1					1				1
Criminal Ref.	8										7							1	
Non-City	6																		6
Inv. NFA	12	1				4		1			1	1			2				2
No Action	2	2																	
Total	104	4	1	1	1	39	3	14	2	1	14	7	0	0	3	0	0	5	9
2005																			
Actions Taken																			
Dept. Ref.	80	2		2	2	40	1	4	2	3	5	5	1	4	1	1	1	1	6
I.A. Follow-up	6					5							1						
Criminal Ref.	5					1					4								
Non-City	9																		9
Inv. NFA	6	2	1									1			1			1	
No Action	12	2		1		2	2			1		1			2				1
Total	118	6	1	3	2	48	3	4	2	4	9	7	2	4	4	1	1	7	10