



2025
Annual Audit
Work Plan

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City Comptroller

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January 2025

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January 6, 2025

Honorable Cavalier Johnson, Mayor
The Members of the Common Council

Dear Mayor and Council Members:

The enclosed report summarizes the 2025 Annual Audit Work Plan and provides a brief description of audit activities for the upcoming year. The basis of this year's work plan was a City-wide risk assessment and audit requests received in response to the communications sent out annually to the Mayor, the Common Council, and City departments to submit their concerns regarding the City's operations.

This document serves as the primary work plan to carry out the responsibilities of Internal Audit for the City. This report also includes other functions that Internal Audit carries out throughout the year that fill the indirect hours not related to the performance of specific audits; an example is Internal Audit's management of the City's Fraud Hotline.

Internal Audit expresses appreciation for the cooperation extended by City Management in the past; and looks forward to working with the members of the Common Council, the Mayor, and all City departments for the remainder of 2025.

Sincerely,

A handwritten signature in black ink, appearing to read "Adriana Molina".

Adriana Molina, CPA
Audit Manager

Overview

The City of Milwaukee Internal Audit Division provides this independent and objective assurance service in order to safeguard City resources and to improve City operations. This is accomplished through examination and evaluation of both the adequacy and effectiveness of the City's systems of internal control, as well as the quality with which assigned responsibilities are performed. The City's Internal Audit function helps to mitigate risks by recommending specific improvements to City processes and controls.

Introduction

The enclosed report summarizes the 2025 Annual Audit Work Plan, as required by City Charter Chapter 3, Section 3-16.5. The Charter requires that Internal Audit develop an annual audit plan and submit the plan to the Finance and Personnel Committee of the Common Council.

This document serves as the primary work plan to carry out the responsibilities of the City's Internal Audit Division, including additional functions that Internal Audit performs throughout the year that are not related to the performance of specific audits. This plan allocates Internal Audit resources per the results of the risk assessment, internal or external audit requests of merit, and Internal Audit's professional judgment.

Work Plan Development

Standards and Methodology

Generally Accepted Government Auditing Standards (GAGAS)¹ as promulgated by the Government Accountability Office (GAO) – Comptroller General of the United States, are often referred to as the *Yellow Book* and provide a framework for conducting high quality audits with competence, integrity, objectivity and independence.

The purpose of internal audit's methodology is to provide a basis for the consistent and reliable application of audit services. Additionally, audit methodology provides guidance on the key phases and activities of work plan development. The audit work plan is based primarily on City-wide risk assessments, City personnel input (solicited and unsolicited), and Internal Audit discretion and professional judgment.

Resource Allocation

Internal Audit underwent staffing changes throughout 2024. The Division was fully staffed with four performance auditors and a new Audit Manager through November 2024.

¹ GAO, Government Auditing Standards, GAO-12-331G (Washington, D.C.: December 2011).

However, there is one staff vacancy which will be considered in the time and budget allocations that are apportioned during the planning and scheduling of audits and projects for 2025. This includes available budget allocations for consultants and external experts and for other functions performed by Internal Audit throughout the year (i.e., management of the Fraud Hotline, training, administration, etc.). Similarly, a portion of auditor hours is dedicated to the re-evaluation of risks when changes occur within a business unit.

Risk Assessment

The development of an annual, risk-based audit plan is a dynamic and continuous process. The involvement of City Management in the risk assessment process is crucial to its ongoing success. Management's understanding of key operations and inherent risks, coupled with Internal Audit's objective analysis, facilitates the development of the City's comprehensive annual risk assessment.

A risk-based plan identifies and prioritizes various operational and system-based threats that may create risk for the City. Internal Audit uses the certain risk factors and overall criteria during the performance of each assessment including mission criticality, financial impact, public interest, complexity of operations, technology concerns, public and employee safety concerns, and regulatory concerns. See appendix on page 8 for the map of the City divisions and risk rankings.

Audit Plan Changes

The 2025 Annual Audit Work Plan is a "working document" and Internal Audit may make changes to the plan throughout 2025 as deemed necessary based on professional judgment and City Charter Chapter 3, Section 3-16.5. Typically, any adjustments to the annual work plan will reflect identified changes in risks, changes in an audit's scope (expansion or contraction), or additional management audit requests.

Changes to the annual work plan will be communicated to the Comptroller internally and to the Mayor and the Common Council through the Semi-annual Status Update Report. Audits and projects completed in 2025 may include audits and projects initiated in prior years. Similarly, some of the audits initiated in 2025 may not be completed and released until 2026. These audits, and their estimated completion dates, will be reported via the status update report.

Audit Plan Status Update

Table 1 lists all audits currently in process, and their estimated issuance dates. Issuance dates are subject to change as they are dependent upon various factors and external input.

Table 1 – Audits and Projects in Progress with Completion Pending

Audit/Project Initiation Date	Audit/Project Title	Current Status	Report Issuance Target
July 2024	Audit of DPW Parking Structures and Lot Revenue Controls	Reporting	January 2025
October 2024	City of Milwaukee IT Risk Assessment (Consultant Led)	Reporting	February 2025
December 2024	Annual Fraud Hotline Reporting for Year ended 2024	Reporting	February 2025
December 2024	Annual Audit Recommendations Follow Up for Year ended 2024	Reporting	March 2025
December 2024	Audit of the DPW Fleet Procurement to Disposal Audit (Consultant Led)	Fieldwork	March 2025
December 2024	Audit of Library Financial Administration	Fieldwork	April 2025
December 2024	Audit of CDGA Award Process	Fieldwork	April 2025

2025 Planned Audit Activity

Internal Audit adheres to a risk-based audit plan development strategy that seeks to identify, prioritize and manage audits deemed critical to City operations, programs and systems. As a result, this audit work plan does not, nor is it intended to, address or provide complete coverage of every City department, division, or system risk. Internal Audit believes that this plan appropriately allocates resources to the most important priorities and risks of the organization at this point in time.

Purpose

The purpose of the 2025 Annual Audit Work Plan is to outline audits and activities the Internal Audit Division proposes to conduct during the calendar year January 1, 2025 through December 31, 2025.

Work Plan

The 2025 Annual Audit Work Plan includes both performance and information technology audits and projects. These lists represent audit units/areas where we anticipate performing an audit. They are not presented in the order that they will be performed and, as previously noted, are subject to change should higher priority considerations emerge. The audits are represented in order of risk. The scope and objectives for each item will be defined once an audit has been initiated and preliminary information has been compiled and assessed. Additionally, Internal Audit notes that audits in the work plan may be divided into multiple audits during initial audit planning given the potential nature and complexity of an operation or the audit subject matter. Internal Audit will undergo a Yellow Book Peer Review in 2025 related to 2022-2024 audit products.

Table 2 lists the priority audits that are projected to begin in 2025.

Table 2 – 2025 Audit Work Plan – Priority Audits

Title or Subject	Department(s)
Audit of the Residents Preference Program for Development Agreements	Department of Administration – Office of Equity and Inclusion
Safety & Health Assessments at Four Milwaukee Water Works Locations – Consultant Led	Milwaukee Water Works
Audit of Municipal Court Cash	Municipal Court
Audit of Basic Life Support Subsidy	Milwaukee Fire Department
Audit of Election Commission Payroll	Election Commission
Audit of Milwaukee Police Department Capital Assets & Equipment Procurement to Disposal Process – Consultant Led	Milwaukee Police Department
IT Consultant Led Audits (2)	To be determined
Yellow Book Peer Review	Internal Audit

Table 3 (on the following page) lists the Supplemental Audits. The Supplemental Audits contain potential audits and projects in the event priority audits cannot be conducted (e.g., changes in auditee personnel, changes in Internal Audit personnel), Internal Audit has additional availability, or Internal Audit’s services are requested.

Table 3 – 2025 Audit Work Plan – Supplemental Audits and Projects

Title or Subject	Department(s)
Audit of Department of Neighborhood Services Financial Administration	Department of Neighborhood Services
Audit of UCC Ticket Closures – DPW/Infrastructure	Department of Public Works/Infrastructure
Audit of DER Pay Services Residency Incentive & Salary Adjustments Process	Department of Employee Relations
Audit of Commercial Property Assessment Process	Assessor’s Office
Audit of Land Management System (LMS) Vendor Management	Department of Neighborhood Services
Audit of City Consultants (Temporary Appointments)	Various Departments
Audit of Product/Software Implementation and Development Life Cycle	Information Technology Management Division

Audit Recommendation Follow-Up Activities

Internal Audit conducts performance audits and makes specific audit recommendations to improve the design and operational effectiveness of internal controls over City activities. In keeping with professional auditing standards and Internal Audit’s annual reporting requirements, codified in City Charter Chapter 3, Section 3-16.5 – which defines the periodic follow-up and reporting requirements for audit recommendations – Internal Audit has a responsibility to monitor and follow-up on audit recommendations to ensure audit findings are addressed. This follow-up activity also aids in planning future audits.

City Management is responsible for resolving identified issues by implementing the recommendations proposed by Internal Audit, in a prompt and effective manner.

Recommendations are considered effective when they are directed to management that has the authority to act, and when the recommended actions are specific, practical, cost-effective, and measurable. Accordingly, Management’s implementation of a control-based recommendation is evaluated to assess whether the risk posed by an audit finding has been adequately mitigated.

Fraud Hotline and Related Benefits

Section 350-247 of the Code of Ordinances authorizes Internal Audit to manage the City of Milwaukee Fraud Hotline (Hotline) and requires the release of an annual report of Hotline

activity each calendar year. Internal Audit has operated the City of Milwaukee Fraud, Waste, and Abuse Hotline since its inception in 2004. The Hotline continues to benefit the citizens of Milwaukee and City employees, by providing a confidential means to report potential fraud, waste, and abuse within City government. Hotline follow-up procedures have been developed to ensure a timely and appropriate response to complaints.

Yellow Book Peer Review

Yellow Book standards require a peer review every three years. A peer review gives a local government assurance that their audit organization is following auditing standards and that their quality control system is suitably designed to ensure audit standards are met. Internal Audit will undergo a peer review for 2022-2024 audit products.

Appendix A. Listing of all Divisions Risk Score

	Council & Public Interest	Financial Impact/Concerns	Mission Criticality (Short Term)	Mission Criticality (Long Term)	Complexity of Operations	Public and Employee Safety Concerns	Regulatory and/or Compliance Risk/Concerns	Technology Concerns	Total Risk Score
Weighted Percentages	20%	20%	10%	10%	10%	10%	10%	10%	100%
MPD	5	5	5	5	5	5	4	4	4.8
MWW	5	4	5	5	4	5	4	5	4.6
MFD	5	4	5	5	4	5	3	4	4.4
DPW - Overall	5	4	5	5	5	4	4	3	4.4
DOA - Overall	5	4	4	5	5	1	3	5	4.1
Emergency Management	5	3	5	5	4	5	2	4	4.1
ITMD	4	4	5	5	5	1	4	5	4.1
DPW - Operations	5	4	5	5	3	4	3	2	4.0
Election Commission	5	2	5	5	4	4	5	3	4.0
Treasurer's	4	5	3	5	4	3	3	4	4.0
DNS	4	3	4	5	2	4	4	4	3.7
MHD	4	3	4	5	4	5	3	2	3.7
ERS	5	5	2	3	4	1	4	3	3.7
DPW - Infrastructure	4	4	2	5	4	4	3	2	3.6
Common Council - City Clerk	4	3	4	4	3	3	4	3	3.5
DOA - Budget Office	5	3	3	3	4	2	4	3	3.5
Comptroller	3	4	4	4	3	2	3	4	3.4
DCD	3	5	2	4	3	1	4	3	3.3
DPW- Administration	3	3	2	3	4	5	3	2	3.1
UCC	3	3	4	4	3	3	1	4	3.1
DPW - Parking (Ops)	3	4	2	4	3	3	2	3	3.1
DOA - Intergovernmental Relations	4	4	1	5	3	1	2	2	3.0

	Council & Public Interest	Financial Impact/Concerns	Mission Criticality (Short Term)	Mission Criticality (Long Term)	Complexity of Operations	Public and Employee Safety Concerns	Regulatory and/or Compliance Risk/Concerns	Technology Concerns	Total Risk Score
DOA-Purchasing	3	4	2	4	4	1	3	2	3.0
FPC	5	2	2	5	2	1	4	1	2.9
Assessor's Office	4	2	1	3	2	3	3	4	2.8
DER	3	3	2	5	2	1	3	3	2.8
OEI SBE	4	2	2	4	2	1	3	2	2.6
City Attorney's Office	3	3	1	3	3	1	3	2	2.5
Muni Court	2	2	1	3	2	3	4	4	2.5
City Records	3	2	2	3	3	1	3	3	2.5
Deferred Compensation	2	3	1	2	3	1	4	3	2.4
Library	3	2	2	3	2	2	2	3	2.4
DOA - CDGA	3	2	2	3	2	1	3	2	2.3
Port Milwaukee	2	2	2	3	2	3	2	2	2.2
DOA - Environmental Collaboration Office	3	1	2	4	3	1	2	2	2.2
Board of Zoning Appeals	3	2	1	3	2	1	3	2	2.2