

December 16, 2004

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

RE: Resolution 040063 City "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 Resolution also called for a usage report to the Common Council after 90 days of operation of the web page have elapsed. This report is to assist in determining whether to continue the program.

Enclosed is the required usage report. Our Office concludes that based on the activity to date, the Hotline pilot project should be extended for an additional six months to provide time for departments to implement needed changes identified through Hotline contacts to date as well as to further explore the level and nature of future Hotline contacts.

Should you have any questions or comments regarding this report, please contact me at your convenience.

Sincerely,

W. Martin Morics  
Comptroller

Mjd/12-14-04

**City of Milwaukee  
Fraud-Waste-Abuse Hotline  
Usage Report of Pilot Project  
December 16, 2004**

**Background**

On June 15, 2004, the Common Council passed Resolution 040063, authorizing and directing the Comptroller to establish a page on the City's website to report fraud, waste, or abuse within City government. This resolution also called for a usage report after 90 days of operation (August 17 - November 16). This report addresses the resolution.

Within one month after passage of the resolution, an internet web page was implemented – the “Audit Hotline” web page. The Department of Administration - Information and Technology Management Division (DOA-ITMD) provided programming support for the Audit Hotline web page. A restricted email site was also developed to allow an alternate means of reporting. Both methods assure the confidentiality of anyone using the web page or sending e-mails. On August 17, 2004 the web page was made available for citizen (including City employee) usage. Citizens can report potential waste, fraud and abuse through the web page, email or regular mail.

**The Process**

When a citizen fills out the report form on the Hotline web page, an anonymous email is generated and sent to the Hotline email address. Direct email, direct mail, phone and walk-in reports were also handled during the 90 day pilot. All Hotline messages remain anonymous unless the citizen indicates that he/she desires a response and does not require anonymity. Several times during the day, designated staff from the Comptroller's Audit Division check for new Hotline email. A contact sheet is prepared for each new reported incident or complaint. A determination required follow-up action is then made. Follow-up and a final disposition is made on all Hotline contacts. Follow-up actions taken consist of the following:

- City department referral for follow-up action
- Comptroller initiates an audit as follow-up action
- Comptroller's audit investigation-no further action necessary
- Criminal referral
- County government or other non-City agency referral
- Insufficient information to act.

City department referrals require a response from the affected department describing what action the department has taken. The Comptroller's Office follow-up may require the Audit Division to conduct a limited review or full audit to address the issue involved or to include additional audit work in an existing audit. Criminal referrals will be made to the City Attorney's Office, District Attorney, Milwaukee Police Department or other law enforcement agency.

During the trial period, Audit Division Hotline staff received both telephone and walk-in contacts. These contacts were not included in the public announcements of the Hotline start-up. However, such contacts may allow for one-on-one interaction, enabling the Audit staff to obtain additional information about the issue.

### **Pilot Project Results**

Hotline staff received 51 contacts through the 90 day pilot period ending November 16, 2004 (See Attachment 1). Of these, 29 (58%) have been closed out with a final disposition, while the remainder are awaiting departmental responses or are under investigation.

Over one-half of Hotline contacts were made by email. The Hotline also received ten phone contacts and three in-person contacts. Twenty-six contacts (52%) requested confidentiality. The Milwaukee County Hotline made two referrals to the City's Hotline. The City Hotline referred three contacts to the Milwaukee County Hotline. Although City of Milwaukee employees initiated 12 contacts, most of the Hotline contacts were either anonymous or citizen contacts.

When Hotline contacts are classified by type of complaint, the following was found:

- Potential fraud/abuse.....15
- Waste & inefficiency..... 12
- Employee conduct..... 9
- Non-City issues..... 8
- Service requests..... 4
- Potential criminal conduct..... 2
- Ethics issue..... 1.

Contacts alleging potential fraud and abuse made up 15 (30%) of the total contacts. These issues included allegations of parking ticket and procurement abuse, grant fund abuse/fraud and other similar allegations. After initial investigation, most of these issues were referred to

various City departments for follow-up and reporting back to the Comptroller. Three contacts alleged potential Food Stamp and Rent Assistance Program fraud. These issues were referred to the US Department of Agriculture and the City of Milwaukee Housing Authority for follow-up.

Twelve (24%) of the contacts related to City government waste and inefficiency. These issues tended to be reported by citizens and were referred to the affected City Department for follow-up action, final disposition and reporting to the Comptroller.

Nine of the Hotline contacts (18%) were alleged employee conduct issues. These matters were referred to the proper City department for follow-up action. Complaints included allegations of employees leaving work early, taking excessive lunch and break periods, etc. These complaints were reported by both citizens and City employees.

The Hotline also received four service requests (8%). These requests were also referred to the Departments for follow-up. For example, shrubs and trees covering a sidewalk were the subject of one Hotline complaint. DPW forestry was contacted. The identified trees and bushes were trimmed.

The Hotline also received two criminal concerns (4%). These were referred to the Milwaukee Police Department for further investigation. The Police Department has not as yet informed the Comptroller as to whether or not either of these concerns were of merit.

The Hotline received eight complaints (16%) related to non-City issues, such as complaints regarding another government's workers not doing their job. These issues were referred to the appropriate government officials for follow-up. There was also one alleged ethics complaint.

Twenty-one contacts have been referred to other City of Milwaukee departments for follow-up. Of these, four (19%) contacts have been finally resolved. When Hotline complaints are referred to City departments for disposition, these departments are asked to send the Hotline a written response describing the follow-up action taken. Hotline contacts referred to City departments are not resolved until the Hotline receives an appropriate written follow-up response. Three City departments have been very thorough and timely in their follow-up: the Department of Neighborhood Services, DPW Water Works and DPW Sanitation Division. Seventeen contacts referred to other City departments/divisions are awaiting follow-up and a written response. The pending City department responses are as follows:

Department of Public Works.....	5
Department of City Development/Housing Authority.....	3
Police Department.....	3
Other City departments.....	6.

**Conclusion**

Corrective actions have been taken by City departments and other organizations in a number of instances to address issues identified by citizens and City employees. Also, the follow-up triggered by the Hotline sends a clear message to all City employees that citizens and fellow City employees can and will report inefficiency, waste and other wrong-doing. City department management will come to realize that there is an independent, anonymous system available for anyone to report inappropriate, fraudulent, abusive or inefficient activity.

Implementation of the website and related procedures required 28 person days of Comptroller time in addition to support from DOA-ITMD. During the 90 day pilot project period, the average Comptroller staff time expended totaled about 19 hours per week. This total does not include the time expended in other City departments following-up on Hotline contacts. While auditor and other department follow-up is not yet complete for many of the 51 Hotline contacts made during the pilot, it is expected that such follow-up can be completed on a timely basis without undue disruption to other Comptroller audit work.

The Hotline has proved to be of benefit to the City. However, it is too early to determine if material savings will occur as a result of the 51 Hotline complaints and subsequent follow-up action taken during the initial pilot project. The results of the 90 day pilot support its continuation for an additional 3-6 months to further analyze the Hotline. The Comptroller’s Office plans to extend the pilot project for an additional six months before making a final recommendation as to its continuation.

The Comptroller wishes to acknowledge the initiative of Alderman Tony Zielinski and the support of the Common Council in this project. The Comptroller also extends appreciation to the City of Milwaukee Department of Administration Information and Technology Management Division, the Milwaukee County Legislative Audit Bureau and the City of Dallas Audit Department for their extensive assistance in making the Comptroller’s City of Milwaukee Hotline project possible.