

Semiannual Report of Office of the Comptroller Audit Activities March 3, 2003

The following three tables summarize Comptroller audit activities for 2002 and 2003, along with potential future audits. Table 1 identifies the eight major audits completed and released in 2002. Table 2 identifies the twelve major audits currently completed, in-process, and scheduled in 2003. Table 3 identifies four potential audits for which decisions on whether to proceed have not yet been made.

In addition to the major audits identified in this Report, the internal auditors in the Office of the Comptroller are involved in some important financial and audit related activities that do not conclude with a formal audit report. These activities include pre-audits of Tax Incremental District (TID) transactions, working with outside auditors, advising on financial and audit provisions in City contracts, and advising on cable television franchise matters.

Major 2002 Audits

Table 1 below identifies for each of the eight major audits completed in 2002, the date the audit report was issued, the audit scope and objectives, conclusions reached in the audit, and the status of audit recommendations. We intend to follow-up with the audited City departments to obtain more information on the implementation status of these recommendations for our next July 2003 Report to the Common Council.

Table 1: Major 2002 Audits

Audit	Date Issued	Audit Scope	Audit Objectives	Audit Conclusions	Recommendation Status
1	1/02	Audit of the DNS Anti-graffiti Program	Evaluate Program effectiveness.	The City has a strong Program, but better information and reporting is needed. The Audit makes 10 recommendations.	Status unknown. DNS and MPD partially agreed with recommendations.
2	2/5/02	Audit of 2001 Payroll W-2s	Evaluate accuracy and completeness of payroll W-2s. This is an annual audit.	W-2s for 8,909 employees, reporting \$328.6 million, were accurate and complete with few exceptions. No recommendations.	N/A
3	2/5/02	Audit of the City Assessor Real Estate Tax Exemption Process	Evaluate the processing of tax exemptions.	The tax exemption process complies with Wisconsin statutes, but some properties are not returned to taxable status timely, and governmental property records are not accurate and complete. The Audit makes 6 recommendations	Status unknown. Assessor and DCD partially agreed with recommendations.
4	3/15/02	Audit of the DPW Tow Lot	Evaluate procedures and controls for fees, collections, and vendor payments. Also, evaluate vehicle security.	Procedures and controls are generally adequate, but some improvements are recommended. Vehicle security monitoring should be improved. The audit makes 12 recommendations.	Status unknown. DPW generally agreed with recommendations.

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Table 1: Major 2002 Audits (Continued)

Audit	Date Issued	Audit Scope	Audit Objectives	Audit Conclusions	Recommendation Status
5	4/15/02	Audit of City Clerk License System	Evaluate license system security and controls, and follow-up on the prior 1993 audit.	License system security and controls have been improved substantially since the 1993 audit. Some further improvements are recommended. The audit makes 4 recommendations.	Status unknown. City Clerk generally agreed with recommendations.
6	6/10/02	Audit of Treasurer 2001 Cashiering	Evaluate procedures and controls for cashiering and cash reporting. This is usually an annual audit.	Procedures and controls are generally adequate, but some improvements are recommended. The audit makes 5 recommendations.	Treasurer implemented the recommendations.
7	8/29/02	Audit of Health Department Restaurant Regulation (State of Wisconsin Assisted)	Evaluate legislative compliance and effectiveness of the Health Department regulatory program. The Wisconsin Department of Health and Family Services assisted in the audit.	Health operates a strong professional program, but some significant improvements are recommended. The audit makes 9 recommendations.	Status unknown. Health generally agreed with recommendations.
8	11/26/02	Audit of the PeopleSoft Payroll System Upgrade to Version 8.3 (Consultant Assisted)	Evaluate the upgrade process, including upgrade controls, system security, test plans, test results, and data and software conversions. A consultant assisted in this audit.	The payroll upgrade project was well planned and executed. Periodic memos on audit conclusions and recommendations were issued to upgrade staff and department heads throughout the project. Final memo 11/26/02.	ITMD implemented the upgrade process recommendations.

Major 2003 Audits

Table 2 below identifies the twelve major audits completed, in process and scheduled in 2003. This schedule assumes that two vacant Auditing Specialist positions will be filled in 2003. The table summarizes the scope, objectives and status of each audit.

Table 2: Major 2003 Audits

Audit	Audit Scope	Audit Objectives	Audit Status
1	Audit of DCD Development Contracts	Evaluate development contract administration for contracts with the City, RACM, and MEDC.	Audit is complete. A draft audit report has been submitted to DCD. The final report will be issued in 3/03.
2	Audit of 2002 Payroll W-2s	Evaluate accuracy and completeness of payroll W-2s. This is an annual audit.	Audit is complete. An audit report memo was issued to the Comptroller on 1/29/03.
3	Audit of Water Department Billings and Collections	Evaluate billing and collection procedures and controls for municipal service bills.	Audit is complete. An audit report should be submitted to Water in 3/03, with the final report issued around 4/03.
4	Audit of Common Council Legislative Fund	Evaluate legislative compliance, procedures and controls for this checking account, at the request of the Chairman of the Common Council's Judiciary and Legislative Committee	Audit is complete. An audit report letter will be submitted to the Judiciary & Legislative Committee Chairman in 2/03.

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Table 2: Major 2003 Audits (Continued)

Audit	Audit Scope	Audit Objectives	Audit Status
5	Audit of Treasurer 2002 Cashiering	Evaluate procedures and controls for cashiering and cash reporting. This is usually an annual audit.	Audit is complete. A draft audit report should be submitted to the Treasurer around 3/03, with the final report issued around 4/03.
6	Audit of 2002 Payroll Payments Under the Fair Labor Standards Act	Evaluate the completeness and accuracy of FLSA payments related to labor contract special allowances. This is usually an annual audit.	Audit is underway. An audit report memo will be issued to the Comptroller in 3/03.
7	Audit of 3 rd District Police Station Capital Project (Consultant Assisted)	Evaluate the planning and construction of the new 3 rd District Station and the installation of new law enforcement technology. A consultant assisted in this audit.	Audit is underway. An audit report should be submitted to MPD and DPW around 4/03, with the final report issued around 5/03.
8	Audit of Procard Transactions	Evaluate Procard administrative procedures and controls, and compliance with procurement policies.	Audit is underway. A draft audit report should be submitted to DOA around 6/03, with the final report issued around 7/03.
9	Audit of the Fire Department Ambulance Backup Program	Determine the costs and revenues associated with emergency medical conveyances by Fire acting as backup for private ambulance companies.	Audit work scheduled to start in 4/03. A draft audit report should be submitted to Fire around 9/03, with the final report issued around 10/03.
10	Audit of Port Billings and Collections	Evaluate procedures and controls for Port billings and collections. Evaluate compliance with Port billing policies.	Audit was started in 2001 and suspended due to needed billing system improvements. Audit work scheduled to resume mid-year 2003. A draft audit report should be submitted to the Port in late 2003, with the final report issued around year-end.
11	Audit of DPW Billings and Collections	Evaluate procedures and controls for DPW billings and collections involving outside parties. Evaluate compliance with City billing policies.	Audit work scheduled to begin around mid-year 2003. A draft audit report should be submitted to DPW in late 2003, with the final report issued around year-end.
12	Audit of Intergovernmental Cooperation Agreements	Evaluate contract performance and compliance for intergovernmental agreements between the City and other municipalities.	Contracts will be identified and assigned for audit as workload permits during 2003 and beyond. Audit reports will be issued to administrative City departments upon conclusion of each audit.

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Potential Future Audits

Table 3 below identifies four potential audits for which decisions on whether to proceed have not yet been made.

Potential audits are identified based on research by the internal auditors, suggestions by City staff, and formal requests made to the Comptroller. As 2003 proceeds, other audit candidates will be identified.

Decisions on whether and when to schedule audits involve risk assessments, auditor availability, and whether outside consulting assistance is needed.

Table 3: Potential Future Audits

Audits	Audit Scope	Audit Objectives	Next Steps
1	Audit of Police Response Time	Evaluate Police response time for each call priority category, as requested by the Fire and Police Commission.	Obtain background information from MPD to enable Comptroller to determine whether this audit can be satisfactorily performed. Staff memo to Comptroller targeted around 5/03, or as workload permits.
2	Audit of City Computer Network Security	Evaluate policies, procedures, and controls for City local and wide area networks, as requested by ITMD.	Background information has been obtained. Staff memo to Comptroller seeking audit authorization is targeted for around 6/03, or as workload permits.
3	Audit of DPW Sanitation	Evaluate Sanitation work crew scheduling and performance.	Obtain background information from DPW. Not yet scheduled. If an audit appears warranted, submit staff memo to Comptroller seeking audit authorization.
4	Audit of DPW Forestry	Evaluate Forestry plant nursery inventory procedures and controls.	Obtain background information from DPW. Not yet scheduled. If an audit appears warranted, submit staff memo to Comptroller seeking audit authorization.



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Master with text

File Number: 020897

File Number: 020897

File Type: Resolution

Status: Passed

Version: 1

Reference:

Controlling Body: FINANCE &
PERSONNEL
COMMITTEE

File Name:

Introduced: 9/24/2002

Requester: LEGISLATIVE REFERENCE
BUREAU **Cost:**

Final Action: 10/15/2002

Drafter: jro

Effective:

Comments:

Title: Substitute resolution requesting the City Comptroller to provide semi-annual reports of the audit activities of the Comptroller's Office to the Common Council.

Sections:

Indexes: REPORTS AND STUDIES,
COMPTROLLER, AUDITS

Sponsors: Ald. Bohl

Attachments: Comptroller's Cover Letter.PDF, Fiscal note..doc

History of Legislative File 020897

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
0	COMMON COUNCIL	9/24/02	ASSIGNED TO	FINANCE & PERSONNEL COMMITTEE			
	FINANCE & PERSONNEL COMMITTEE	9/25/02	REFERRED TO	BUDGET AND MANAGEMENT	10/25/02		
	FINANCE & PERSONNEL COMMITTEE	9/25/02	REFERRED TO	CITY COMPTROLLER	10/25/02	10/8/02	
0	FINANCE & PERSONNEL COMMITTEE	9/30/02	HEARING NOTICES SENT		10/9/02		
0	FINANCE & PERSONNEL COMMITTEE	9/30/02	HEARING NOTICES SENT		10/9/02		
0	FINANCE & PERSONNEL COMMITTEE	9/30/02	HEARING NOTICES SENT		10/9/02		
1	CITY CLERK	10/9/02	DRAFT SUBMITTED				

Master Report Continued (020897)

1	FINANCE & PERSONNEL COMMITTEE	10/9/02	RECOMMENDED FOR ADOPTION	Pass
Mover:	ALD. MURPHY	Ayes: 4 - ALD. GORDON, ALD. MURPHY, ALD. HENNINGSEN and ALD. D'AMATO Noes: 0 Excused: 1 - ALD. HINES		4 - 0 - 1 Excused
1	COMMON COUNCIL	10/15/02	ADOPTED	Pass
Mover:	ALD. GORDON	Ayes: 15 - President Pratt, Herron, D'Amato, Henningsen, Bohl, Johnson-Odom, Gordon, Donovan, Richards, Dudzik, Sanchez, Pawlinski, Breier, Murphy and Hines Noes: 1 - Nardelli Excused: 1 - Cameron		15 - 1 - 1 Excused
1	MAYOR	10/23/02	SIGNED	

This resolution requests the City Comptroller to provide semi-annual reports of his or her office's audit activities to the Common Council. The Comptroller is further requested to appear before the appropriate Common Council committee to discuss the contents of this report.

Whereas, The Common Council has an obligation to oversee a wide range of municipal departments to insure not only that necessary services are provided, but that they are provided in the most cost-effective manner possible; and

Whereas, A vital component of this oversight is the audit function, both financial and performance, conducted by the City Comptroller's Office; and

Whereas, It is in the City's best interests to insure a free and accurate flow of information between the Common Council and the Comptroller related to this function; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City Comptroller is requested to provide semi-annual reports of the audit activities of the City Comptroller's office including, but not limited to, on-going audits, pending audits, possible subjects for future audits and the success or failure of previously-audited departments in implementing the recommendations of their audits; and, be it

Further Resolved, That the Comptroller is requested to appear before the appropriate committee of the Common Council to discuss the contents of these reports.