



Office of the Comptroller

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February 2, 2009

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, 2008.

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 2008 reporting period, 96 contacts were made to the Hotline. The majority of these contacts involved employee conduct, potential fraud, waste and abuse, and alleged criminal activity. Nearly 73 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 2008 Hotline results, the report includes results from 2005, 2006 and 2007 for comparative purposes, and also describes the Hotline reporting process. Attachments II and III provide Hotline contacts by City department, by type of concern and by action taken for each of the four 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, 2008**

This is the fourth annual report of the City of Milwaukee's Fraud, Waste and Abuse Hotline. The period reported is from August 18, 2007 through August 17, 2008 (referred to as 2008). Information for 2005, 2006 and 2007 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 96 new contacts in 2008. This compares to 89 contacts in 2007, 104 contacts in 2006 and 118 contacts in 2005 (Figure 1). In addition to the 96 new contacts, there was 1 open Hotline contact at the beginning of 2008. Of the total 97 contacts (96 new and 1 existing), 92 contacts or 95 percent were closed. The remaining 5 contacts, or 5 percent, are awaiting a departmental response.

Method of Contact

In 2008, 73 percent or 70 Hotline contacts were generated through the on-line submission form or direct email. Another 19 percent (18) were telephone contacts. The remaining 8 percent (8) were mail or in-person contacts. Overtime, the percentages for on-line/direct mail have decrease slightly, while the percentages for telephone contacts have increased.

Hotline Report For the Year Ended August 17, 2008

Figure 1

	2005		2006		2007		2008	
Web								
Page/Email	91	77%	80	77%	67	75%	70	73%
Mail	13	11%	3	3%	5	6%	6	6%
Phone	10	8%	13	12%	14	16%	18	19%
In Person	4	4%	7	7%	3	3%	2	2%
Fax	0	0%	1	1%	0	0%	0	0%
Total	118	100%	104	100%	89	100%	96	100%

Source of Contact

Of the new 96 contacts received in 2008, 51 percent (49) were made by citizens. City employees generated 25 percent (24) of the new Hotline contacts. Of the remaining 24 percent of contacts, 12 percent were referrals from the Milwaukee County Hotline staff, 2 percent were from vendors and 10 percent were from unidentified sources.

Of all new Hotline contacts in 2008, 58 contacts or 60 percent were made by parties requesting confidentiality.

Type of Concerns

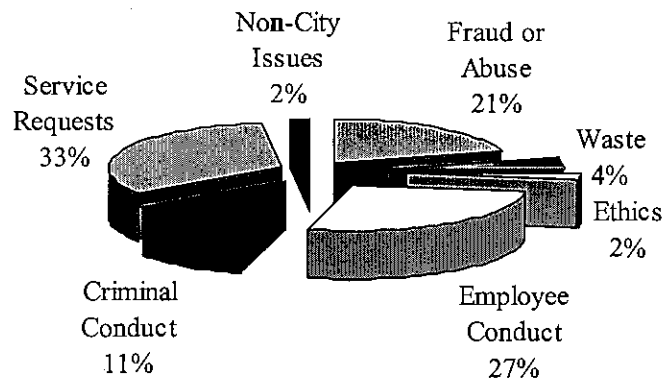
All Hotline contacts are categorized as one of the following seven types:

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, 33 percent, was Service Requests, including those for sanitation collection, parking enforcement and building code enforcement. The next largest category of contacts was City Employee Conduct with 27 percent, including complaints about misuse of City vehicles, computers or telephones and unsafe driving. The third largest category was Potential Fraud/Abuse, accounting for 21 percent. These complaints include potential employee residency

Hotline Report For the Year Ended August 17, 2008

violations, procurement abuse, and rent assistance abuse. The fourth largest category was Criminal Conduct allegations with 11 percent, including complaints about identity theft, drug offences, and child abuse. These complaints were referred to law enforcement agencies. Contacts involving Waste and Inefficiencies accounted for 4 percent of Hotline Contacts. These contacts involve the number of workers on a street repair, or the quality of repairs made to a new street. The lowest categories of complaint were non-City issues, which were referred to non-City agencies for issues related to other jurisdictions and Ethics Issues at 2 percent each. (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, which were referred to other government agencies with minimal audit staff involvement. Of the 96 contacts in 2008, audit staff followed up on 89, or 93 percent. The remaining 7 contacts, or 7 percent, were found without merit.

Actions Taken

Of the 96 Hotline contacts made in 2008, 48 contacts (or 50 percent) were sent to City departments for follow-up action. Departments responded to 43 of these referrals and 5 remain under review by the departments. In response to complaints about employee conduct, departments indicated that affected employees were counseled and in some cases disciplined. Two contacts regarding City employee residency rules resulted in one ongoing investigation and one was found to be without merit. The Housing Authority indicated that it investigated and took action on several complaints about Rent Assistance

Hotline Report For the Year Ended August 17, 2008

Program abuse; two complaints are still under investigation. Figure II, below is a schedule of actions for the four years of Hotline operation.

Figure II

	2005		2006		2007		2008	
Department Referral	80	68%	69	66%	50	56%	48	50%
Internal Audit	6	5%	7	7%	3	4%	7	7%
Criminal Referral	5	4%	8	8%	14	16%	11	12%
Non-City Referrals	9	8%	6	6%	9	10%	5	5%
Investigated No Action	6	5%	12	12%	11	12%	18	19%
No Action	12	10%	2	1%	2	2%	7	7%
Total	<u>118</u>	<u>100%</u>	<u>104</u>	<u>100%</u>	<u>89</u>	<u>100%</u>	<u>96</u>	<u>100%</u>

Of the 11 contacts alleging Criminal Conduct, all 11 were referred to the Milwaukee Police Department. MPD indicated complaints about illegal drug activity and child abuse were under investigation. Five contacts were referred to agencies outside the City. These included criminal activities outside of the City's jurisdiction, such as three complaints alleging identity theft that were referred to the Federal Bureau of Investigation. Another complaint of interstate commerce violations through the internet was also referred to the FBI. 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 the largest share of contacts (47). Other departments receiving contacts requiring follow-up were the Department of Neighborhood Services with 13 contacts, and the Milwaukee Police with 11 contacts in 2008.

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 received during these first four 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 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 a Hotline email account, with access restricted to three auditors in the Office of the Comptroller. 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 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, 2008

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

- 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 are referred to the Milwaukee Police Department or the appropriate Federal, State or municipal law enforcement agency.
- Referrals to Internal Audit: Some Hotline cases are referred to audit staff in the Office of the Comptroller for additional investigation or formal audit.

Hotline Statistics

Attachment I

	2005	2006	2007	2008	Total
Method of Contacts					
Web Page/Email	91	80	67	70	308
Mail	13	3	5	6	27
Phone	10	13	14	18	55
In Person	4	7	3	2	16
Fax	0	1	0	0	1
Total	118	104	89	96	407
Source of Contacts					
Employee	28	27	21	24	100
Vendor	2	3	2	2	9
Citizen	54	52	51	49	206
Unknown	29	18	0	10	57
City Departments	0	0	2	0	2
Other Agencies	5	4	13	11	33
Total	118	104	89	96	407
Requested Confidentiality	71	38	18	58	185
Type of Concerns					
Potential Fraud/Abuse	29	20	23	20	92
Waste & Inefficiencies	21	7	8	4	40
Ethics Issues	1	2	0	2	5
Employee Conduct	35	29	14	26	104
Criminal Conduct	7	14	14	11	46
Subtotal	93	72	59	63	287
Service Requests	14	30	27	31	102
Non-City Issues	11	2	3	2	18
Total	118	104	89	96	407
Actions Taken					
Departmental Referrals	80	69	50	48	247
Internal Audit - Follow-up	6	7	3	7	23
Criminal Referrals	5	8	14	11	38
Non-City Referral	9	6	9	5	29
Investigated NFA	6	12	11	18	47
No Action	12	2	2	7	23
Total	118	104	89	96	407
Contacts					
Beginning Opened Contacts	0	21	9	1	0
New Contacts	118	104	89	96	407
Closed Contacts	97	116	97	92	402
Ending Open Contacts	21	9	1	5	5

Audit Hotline - Statistics
Types of Concerns by Department
For Years Ended August 17, 2008, 2007, 2006 and 2005

Department	Total	City	C. At.	Comp	DOA	DPW	DCD	DNS	Health	Library	MPD	MFD	CDBG	Election	CC	ERS	Treasurer	HACM	Non-City	
2008																				
Type of Concern																				
Potential F & A	20					9		6	1			1	1							
Waste & Ineff.	4	1				2														
Ethics	2							2												2
Emp. Cond.	26					22														
Criminal Cond.	11																			
Service Req.	31	1			3	14		5	3			11								5
Non-City	2																			2
Total	96	2	0	3	0	47	0	13	4	0	11	2	1	2	2	0	0	0	0	8

2007																				
Type of Concern																				
Potential F & A	23					11	1	3			3	1								3
Waste & Ineff.	8	2			3		1													
Ethics	0																			
Emp. Cond.	14					11		1												
Criminal Cond.	14																			
Service Req.	27	2				11		5	1			14								6
Non-City	3																			3
Total	89	4	0	0	3	33	2	9	1	0	17	3	0	1	3	0	0	0	0	9

2006																				
Type of Concern																				
Potential F & A	20	1		1		7	1	2		1	3									5
Waste & Ineff.	7					5	1													
Ethics	2						1	3	1		3	6								1
Emp. Cond.	29	2				13					7									
Criminal Cond.	14																			
Service Req.	30	1		1	1	14		9	1		1	1								7
Non-City	2																			2
Total	104	4	1	1	1	39	3	14	2	1	14	7	0	0	3	0	0	0	0	5

2005																				
Type of Concern																				
Potential F & A	29	2				9	2	3		1	1		2							7
Waste & Ineff.	21	2				16	1													
Ethics	1																			
Emp. Cond.	35	1		1	2	13				3	3	7								
Criminal Cond.	7					1														1
Service Req.	14	1			1	8		1	1		5									1
Non-City	11					1														10
Total	118	6	1	3	2	48	3	4	2	4	9	7	2	4	4	1	1	1	1	10

Audit Hotline - Statistics
 Actions Taken by Department
 For Years Ended August 17, 2008, 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	
2008																				
Actions Taken																				
Dept. Ref.	48			1		34		9	3			1		1						3
I.A. Follow-up	7					1														
Criminal Ref.	11										11									5
Non-City	5																			
Inv. NFA	18		1		2	10		3	1			1								2
No Action	7		1			2		1				2								1
Total	96	2	0	3	0	47	0	13	4	0	11	2	1	2	2	0	0	0	0	8

2007																				
Actions Taken																				
Dept. Ref.	50				2	32		9			3	1								3
I.A. Follow-up	3					1					14									2
Criminal Ref.	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	0	0	4

2006																				
Actions Taken																				
Dept. Ref.	69			1	1	34	2	12	2		6	6								4
I.A. Follow-up	7		1			1		1			7									1
Criminal Ref.	8																			
Non-City	6																			6
Inv. NFA	12		1			4		1			1	1								2
No Action	2		2																	
Total	104	4	1	1	1	39	3	14	2	1	14	7	0	0	3	0	0	0	0	5

2005																				
Actions Taken																				
Dept. Ref.	80		2		2	40	1	4	2	3	5	5	1	4	1					6
I.A. Follow-up	6					5					4									
Criminal Ref.	5					1														
Non-City	9																			9
Inv. NFA	6		2		1					1	1	1			1					1
No Action	12		2			2				4					2					
Total	118	6	1	3	2	48	3	4	2	4	9	7	2	4	4	1	1	1	1	10