



**Audit of Department of
Neighborhood Services
Financial Administration**

BILL CHRISTIANSON
City Comptroller

ADRIANA MOLINA
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February 2026

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Bill Christianson, CPFO
Comptroller

Charles Roedel, CPA, CIA
Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

February 3, 2026

Honorable, Mayor Cavalier Johnson
The Members of the Common Council
City of Milwaukee

Dear Mayor and Council Members:

The attached report summarizes the results of the Audit of Department of Neighborhood Services Financial Administration. The audit scope included DNS's petty cash, ProCard, and travel expenditures from January 1, 2025, through June 30, 2025.

The primary focus of the audit was to evaluate whether the internal controls in place are designed adequately and operating effectively. The audit objectives were as follows:

- Evaluate the adequacy of internal controls, policies, procedures, and processes related to petty cash, ProCard, and travel expenses.
- Assess the appropriateness of card issuance and purchases, compliance with purchasing and travel guidelines, and review of purchases and travel orders.
- Evaluate the timeliness and accuracy of journal entry recordings in the Financial Management System (FMIS).

The audit concluded that petty cash and ProCard transactions are properly accounted for and comply with the Department of Administration's (DOA) applicable procedures. Travel expenses comply with the City Travel Ordinance and DNS procedures. Two low risks were identified.

Appreciation is expressed for the cooperation extended to the auditors by the personnel of the Department of Neighborhood Services.

Sincerely,

Adriana Molina, CPA
Audit Manager

AMM:ea



Why We Did This Audit

The audit was performed as part of the Internal Audit divisional Financial Administration audits due to the potential for fraud or non-compliance with employee petty cash, ProCard, and travel expenses.

Objectives

The objective of the audit is to review and evaluate whether the internal controls in place for Petty Cash, ProCard, and travel expenditures are adequately designed and operating effectively.

Background

Department of Neighborhood Services (DNS) offers a variety of programs to assist homeowners, renters, and landlords to improve properties and neighborhoods in the City of Milwaukee. DNS handles over 35,000 complaints per year with 75% of them for residential properties.

Audit Report Highlights

Audit of Department of Neighborhood Services

Overview

The audit concluded that internal controls over DNS Financial Administration processes are adequately designed to support operational objectives. While a few low-risk control deficiencies were identified, they do not significantly impact the integrity or reliability of financial administration processes.

Opportunities for Improvement

Petty Cash: One single expenditure exceeded \$100. Petty cash authorization form not updated with the most current custodian information.

Travel Expenses: In one instance, travel mileage was calculated using 2024 mileage rate of .67 cents instead of the 2025 mileage rate of .70 cents per mile.

Timeliness: In two instances, travel documentation was submitted 20+ days after the conclusion of travel, exceeding the 15-day deadline.

(Recommendations can be found in the Audit Conclusions and Recommendations section of this report.)

I. Audit Scope, Objectives, and Methodology

Scope

The scope included DNS Petty Cash, ProCard, and travel expenditures from January 1, 2025, through June 30, 2025. Total DNS expenses for the scope of the audit were \$51,079.19 or:

- \$1,066.59 Petty Cash
- \$43,377.69 ProCard
- \$6,634.91 Travel Expenses

DNS employees are reimbursed for mileage for offsite visits through City Time, the City payroll system. Due to mileage being part of the payroll, it was out of scope of this audit.

Objectives

The objectives of the audit were as follows:

- Evaluate the adequacy of internal controls, policies, procedures and processes over the Petty cash, Pro-Card, and travel expenses.
- Evaluate the appropriateness of card issuance, purchases, compliance with purchasing and travel guidelines, and review of purchases and travel orders.
- Evaluate timely and accurate recording of journal entries in the Financial Management System (FMIS).

Methodology

Audit methodology included developing an understanding of the processes and controls over DNS Financial Administration. The audit program was developed using criteria outlined by relevant City and DNS policies and procedures related to petty cash, ProCard, and travel expenses. The audit included the following sampling methodology:

- 100% of petty cash transactions (26 transactions)
- 12.7% of ProCard transactions (53 out of 417)
- 100% of all new ProCard applications (2 employees) and verified training for all employees that required training per DOA policy.¹ (6 employees)

¹ DOA – Purchasing Division ProCard Policy & Procedures_Revised April 27, 2022

- 50% of all staff travel expenses (10 out of 20 employees)

Sampling size varies depending on the control activity.

Procedures

The following audit procedures were performed to evaluate the processes and controls related to audit objectives:

- Process Understanding:
 - Conducting process walkthroughs
 - Interviewed DNS Administration Manager and staff
- Control Evaluation and Documentation:
 - Performed Petty cash count at Lake Tower location
 - Inspected Petty cash, ProCard and travel expense documentation.
 - Tested specific controls to ensure their design and operational effectiveness.
- Financial Review and Accuracy:
 - Validated travel expense calculations and ProCard transactions.
 - Reconciled petty cash transactions against FMIS ledger records

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being tested. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.

Compliance Statement

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

II. Organization and Fiscal Impact

Department of Neighborhood Services (DNS) was created in 1999 and has evolved over the years, integrating elements of the former Health Department and Building Inspection Department. Through the enforcement of Building, Zone, Fire, and other ordinances, DNS protects the value of investments in neighborhoods and commercial properties. DNS handles over 35,000 complaints annually, with 75% for residential properties. The Administration section oversees the business and operations of the department. It processes certain permits, invoices, and various inspection and occupancy certificates. The Administration Manager leads the department. The adopted budget for the Department of Neighborhood Services in 2024 was \$10,473,044 and the adopted budget for 2025 is \$26,024,743.

III. Audit Conclusions and Recommendations

The audit concluded that internal controls over DNS Financial Administration processes are adequately designed to support operational objectives. While a few low-risk control deficiencies were identified, they do not significantly impact the integrity or reliability of the financial administration process.

Petty Cash

The City of Milwaukee DNS Financial Administration has a primary and sub fund petty cash fund. The primary cash fund is held in the Zeidler location while the sub fund is held in the Lake Tower location. Petty cash is used to acquire items of small dollar values under \$100 on an emergency basis, for a sole source purchase or when a purchase is in the best interest of the City. Some common purchases include parking, postage, and supplies. DOA Petty Cash Procedures² outline the role of the custodian and the procedures for the disbursement and replenishment of petty cash. Among other provisions, the procedures states:

- Custodians must complete annual training
- A written request to establish a petty cash sub-fund must be submitted to Common Council.
- Expenses reimbursed must meet the established requirements.
- Departments/divisions should report changes to custodians as they occur.

² DOA – Purchasing Division Purchasing Liaison Manual

Findings:

- Audit noted one single transaction exceeding small dollar limit of \$100 per policy.
- Petty cash is not properly safeguarded and is transmitted through unsecure mail channels.
- Current petty cash authorization form was not updated with most current custodian information.

Testing covered 100% of all 26 transactions within the scope. Therefore, results can be extrapolated to the entire population.

Risk: Failure to follow established policies and procedures may result in petty cash being used for inappropriate purchases and/or spending limits being exceeded. Risk of reimbursement without proper documentation.

Risk Rating: Low

Recommendations: Implement a standardized petty cash activity log at both locations to ensure complete and accurate tracking. Cash at all locations should be subject to proper custody controls and should not be transmitted through unsecured mail channels. Ensure petty cash is properly safeguarded in a locked vault or cash box. The petty authorization form should also be updated promptly upon each change in fund custodian to maintain accurate accountability.

Travel Expenses

City of Milwaukee Travel Policy, Travel Ordinance ³ outline the roles and responsibilities of DNS staff in granting time off and/or expenses to attend conferences, workshops, or meetings. Among other provisions, the procedures states:

- All travel requests require approval from the respective department head, manager, or supervisor.

³ Subchapter 8-[Chapter](#) 350 Travel Expenses

- Staff members must submit all required original itemized receipts, Conference and Training Evaluation, (if your department requires it) and Statement of Expenses Incurred forms to the Business Office – Accounts Payable Department no later than 15 days following the end of travel.

Findings:

- In two instances, reimbursement documentation was submitted 23 and 25 days after travel, exceeding the 15-day deadline.
- In two instances, the final hotel invoice was missing; only the booking confirmation was submitted.
- Audit noted one travel mileage expense was calculated using the outdated 2024 mileage rate of \$.67 per mile rather than the applicable 2025 rate of \$.70 per mile.

Testing covered 50% of travel expenses using randomizer; therefore, results can be extrapolated to the entire population.

Risk: Failure to follow established policies and procedures may result in potential fraud due to unauthorized and/or inaccurate travel expenses.

Risk Rating: Low

Recommendations: Ensure all employees familiarize themselves with the most updated policies and procedures including required documentation to validate expenses and be informed of current federal mileage and per-diem rates. Implement a notification system to remind employees when the 15-day submission window nears expiration, thereby promoting timely receipt submission and compliance with established reimbursement procedures.



Bill Christianson, CPFO
Comptroller

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February 3, 2026

Honorable Mayor Cavalier Johnson
The Members of the Common Council
City of Milwaukee

Dear Mayor and Council Members:

With this letter, the Office of the City Comptroller acknowledges receipt of the preceding report, which communicates the results of the Audit of Department of Neighborhood Services Financial Administration. I have read the report and support its conclusions. Implementation of the stated recommendations will help improve City processes.

As the City Comptroller, I was not involved in any portion of the work conducted in connection with the audit. At all times, the Audit Division worked autonomously in order to maintain the integrity, objectivity, and independence of the audit, both in fact and in appearance.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Christianson".

Bill Christianson, CPFO
Comptroller





Department of Neighborhood Services

Jezaamil Arroyo-Vega
Commissioner

Michael Mazmanian
Deputy Commissioner

Adriana Molina, CPA
Audit Manager
City of Milwaukee Comptroller's Office
City Hall, Room 404

Dear Ms. Molina,

Thank you for the opportunity to respond to the audit of DNS Financial Administration. The Department of Neighborhood Services appreciates the findings of your audit as an opportunity for improvement, and has taken the following steps to implement the recommendations of the audit:

Recommendation 1: DNS should update and share with employees the proper adherence to cash handling custody controls. Cash should not be transmitted through unsecured mail channels. The Petty Cash Authorization form should be updated promptly upon each change in fund custodian to maintain accountability.

The department has shared the updated Petty Cash Procedures for disbursement of petty cash to employees with petty cash custodians and division manager at the DNS Anderson Lake Tower location. A secure locked box and designated secure location to store petty cash has been established on 1/30/26. Petty cash reimbursements will be dispersed in person after the completion of the Petty Cash sub voucher form. The Petty Cash Sub-Fund Authorization form has been updated with accurate fund custodian information on 1/12/26 with the Purchasing department. The contact person for petty cash procedures is Tanz Rome, Finance and Administration Manager.

Recommendation 2: DNS policy and procedures should be updated and shared with all employees, including changes to federal mileage and per diem rates to maintain accuracy with travel calculations. Implement a notification system to remind employees when the 15-day deadline is expiring to ensure timely submission of receipts.

DNS has implemented procedures for division managers to require the travel requestor to submit their travel receipts within 10 business days of returning from the expensed travel destination. This ensures the timely processing and submission of travel documentation within 15-days required by Purchasing. The department accounting administration staff have been updated on the IRS standard mileage rate change for the 2026 fiscal year. Departmental staff will ensure to use the current rate increase from \$.70 to \$.72 effective January 1, 2026 when processing mileage reimbursement expenditures. The contact person for travel sub voucher expenditures approval is DNS Finance and Administration Manager, Tanz Rome.





Department of Neighborhood Services

Jezamil Arroyo-Vega
Commissioner

Michael Mazmanian
Deputy Commissioner

Please direct any questions on the above response to Commissioner extension 2543 or Tanz Rome, Finance and Administration Manager at extension 5041.
Sincerely,

Jezamil Arroyo-Vega
Commissioner of Building Inspection.

