



**Fraud, Waste, and Abuse
Hotline Report
for the Year Ended
December 31, 2023**

**Aycha Sawa
City Comptroller**

**Adriana Molina
Audit Manager**

February 2024

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Comptroller

Bill Christianson
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Special Deputy Comptroller

February 13, 2024

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

Dear Mayor and Council Members:

Section 350-247 of the Code of Ordinances authorizes Internal Audit to manage the City of Milwaukee Fraud, Waste, and Abuse Hotline and requires the release of an annual report of Hotline statistics and activity for the year. Internal Audit has operated the City of Milwaukee Fraud, Waste, and Abuse Hotline since its inception in 2004. The enclosed report summarizes Hotline operations for the year ending December 31, 2023.

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. The established process of follow-up on these complaints has provided positive results through timely and appropriate action.

For the 2023 calendar year, the Hotline received a total of 265 complaints. Out of the 265 complaints, there were 39 actionable complaints of which 5 were substantiated. The most common types of complaints received were service requests; non-City issues; and cases of potential fraud, waste, or abuse. Complainants file a report via secure voicemail, email, or electronically through the City's Fraud, Waste, and Abuse Hotline webpage.

Appreciation is expressed for the cooperation extended to Internal Audit's Hotline personnel by City Management.

Sincerely,

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

Adriana Molina
Audit Manager

Introduction

This annual report of the City of Milwaukee's Fraud, Waste, and Abuse Hotline is for the Hotline activity occurring from January 1, 2023 through December 31, 2023. The scope of the City's Fraud, Waste, and Abuse Hotline activity applies to complaints related to the City of Milwaukee's legal assets, misuse or abuse of City resources, improper use of one's authority, and gross misconduct. Complaints received outside this scope such as non-City complaints are referred to the appropriate entities.

This report does not delineate actual or potential dollar amounts related to fraud, waste, or abuse; and therefore, is not intended to be used for that purpose. Thus, no fiscal analysis is provided for reported issues. Rather, this report provides information about how the Hotline is being utilized.

Overview

In November 2014, the Common Council adopted 350-247 of the Code of Ordinances, which codified Internal Audit's management role over the Fraud Hotline and established formal reporting requirements. The Internal Audit Division receives, tracks, and investigates or refers for investigation complaints received. Suspected fraud, waste, and/or abuse complaints may be reported via the telephone hotline, email, website (online form), or by mail. Annually, Internal Audit presents before Common Council a report identifying: the number of complaints received; the type of complaints received; and the number of referrals to the Department of Employee Relations or other City departments.

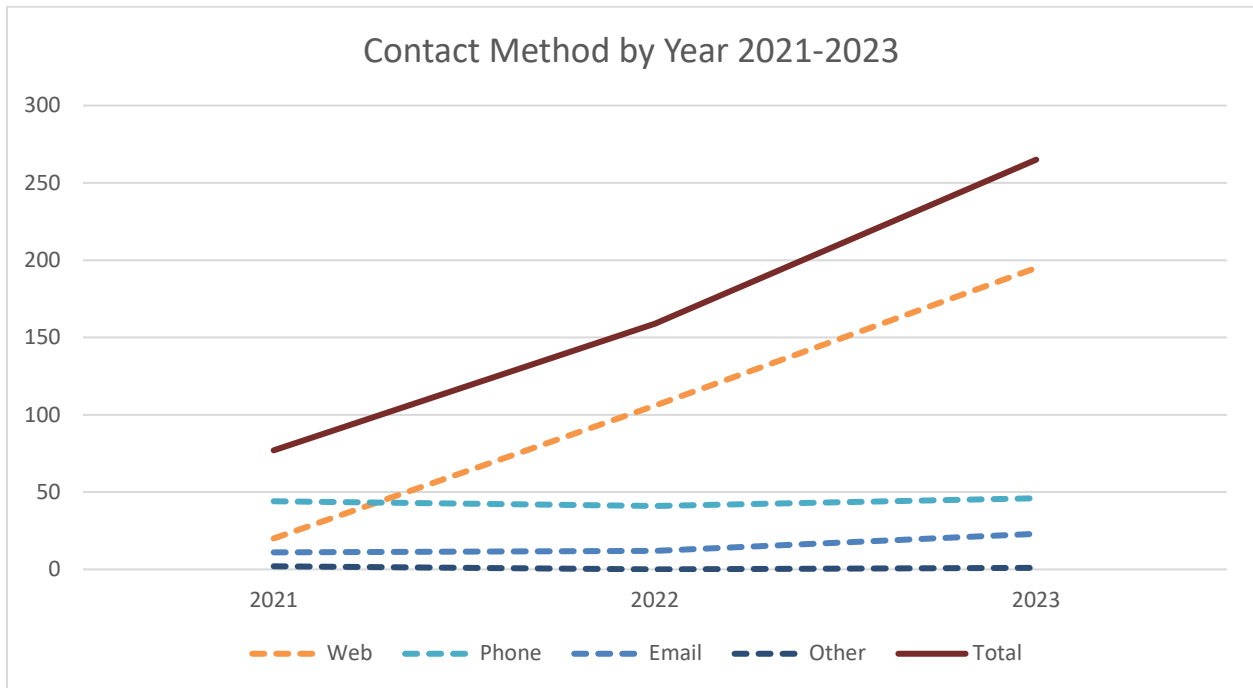
In addition to codifying the Hotline, 350-247 created a "safe harbor" provision for City employees who file a fraud complaint. The ordinance encourages City employees to file complaints of merit without fear of retaliation or loss of employment. Whistleblower protection is a governmental best practice that encourages the use of the Hotline. The ordinance also established the ability of anonymity for complainants that do not wish to identify themselves.

Hotline Activity – 2023

A. Number of Complaints

In 2023, the Hotline received a total of 265 complaints of which 39 complaints were actionable compared to 159 complaints in 2022 of which 27 were actionable. Actionable complaints are cases that are within the Hotline’s scope and are able to be investigated. Regardless if a complaint is actionable or not, Hotline staff complete a case write-up for each complaint to ensure accurate utilization metrics for the Hotline are kept and to identify any possible trends. Phone, email, and the online webpage were the most common methods of contact for complaints (see Chart 1). Online submissions continue to be the most utilized form of submitting a complaint.

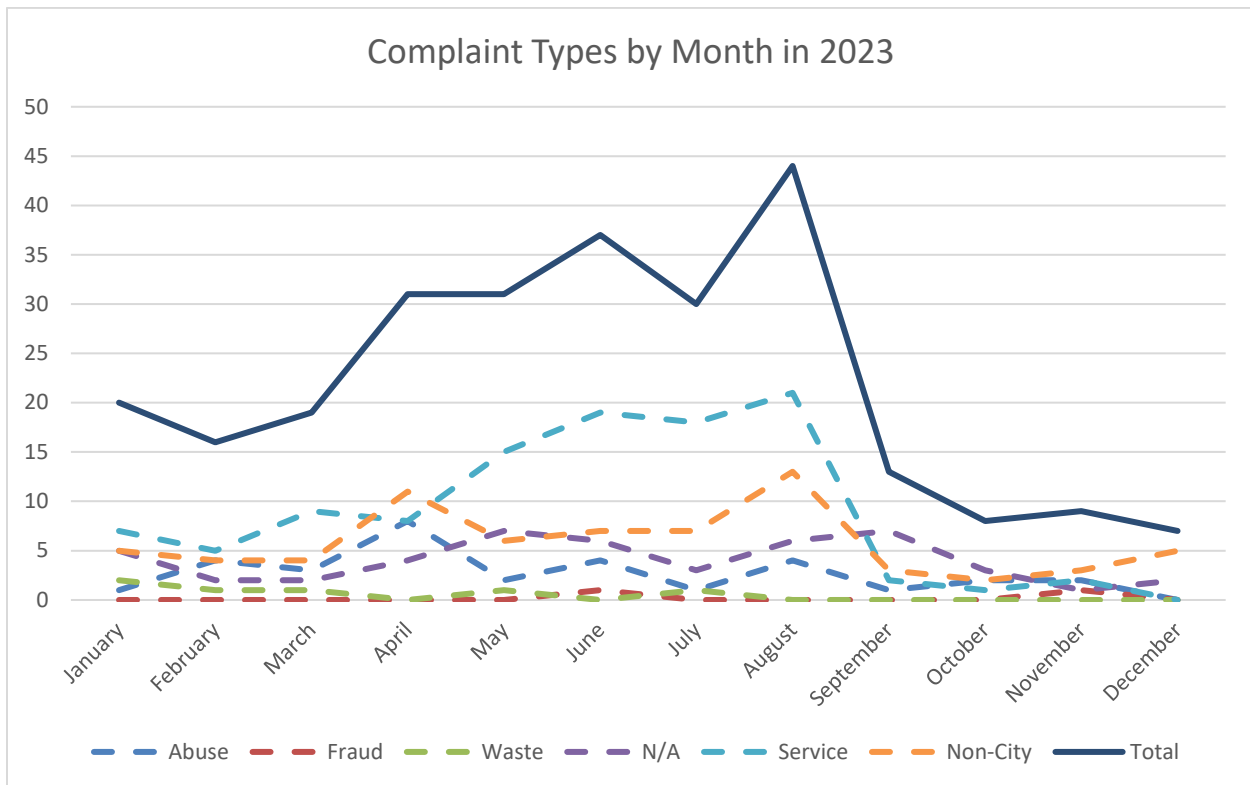
Chart 1



In May 2022, the Fraud Hotline reporting information was added to the “Click for Action” page on the City’s website, which was the main driver of increased complaints from 2021 to 2023. In September 2023, the Fraud Hotline was removed from the “Click for Action” page on the City’s website due to the significant amount of service requests and non-city complaints being submitted.

There was a clear drop in out-of-scope cases when the information was removed, but there was no drop in fraud, waste, or abuse being reported (see Chart 2).

Chart 2



B. Types of Complaints

All complaints are assigned to a complaint type to ensure reports received by the Hotline are properly recorded, investigated, monitored, and reported.

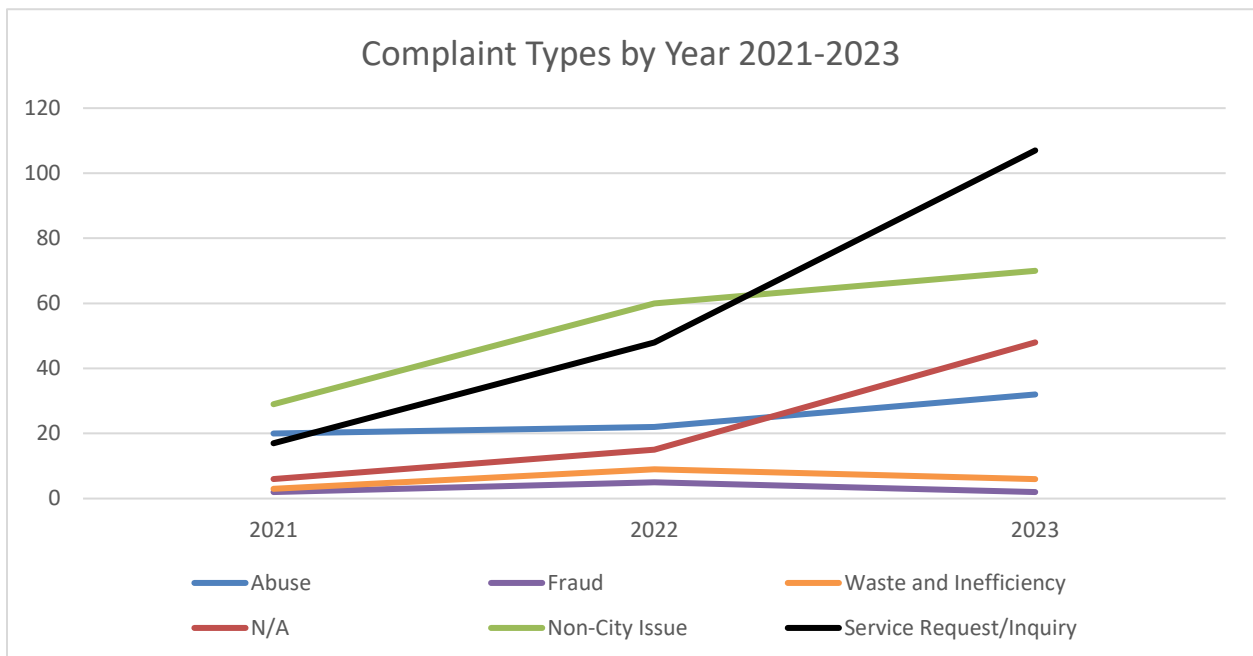
Complaint types are defined as follows:

- **Fraud** means any intentional act or omission for personal gain designed to deprive the City of its resources or assets to which the individual or person is not entitled.
- **Waste and Inefficiency** means the careless expenditure of City funds or resources above and beyond the level that is reasonably required to meet the needs of the City, or the consumption or use of City resources that is not authorized.

- **Abuse, Misuse, and Misappropriation** means the improper use of City resources in a manner contrary to law, City policy or work rules, or the improper use of one's position for private gain or advantage for himself or herself or any other person.
- **Service Requests and Inquiries** includes requests for information or services such as sanitation collection, snow removal, reports of properties in disrepair, and requests for law enforcement non-emergency contact information. Complainants are given Call for Action and Click for Action information.
- **Non-City Issues** involve a complaint that requires referral to a different level of government or to an external agency. Examples include Milwaukee Public Schools, Milwaukee County, the State of Wisconsin, and the Federal Trade Commission's Bureau of Consumer Protection.

Chart 3 illustrates the breakdown of reported complaints received by the Hotline in 2023 by category type and year from 2021 through 2023.

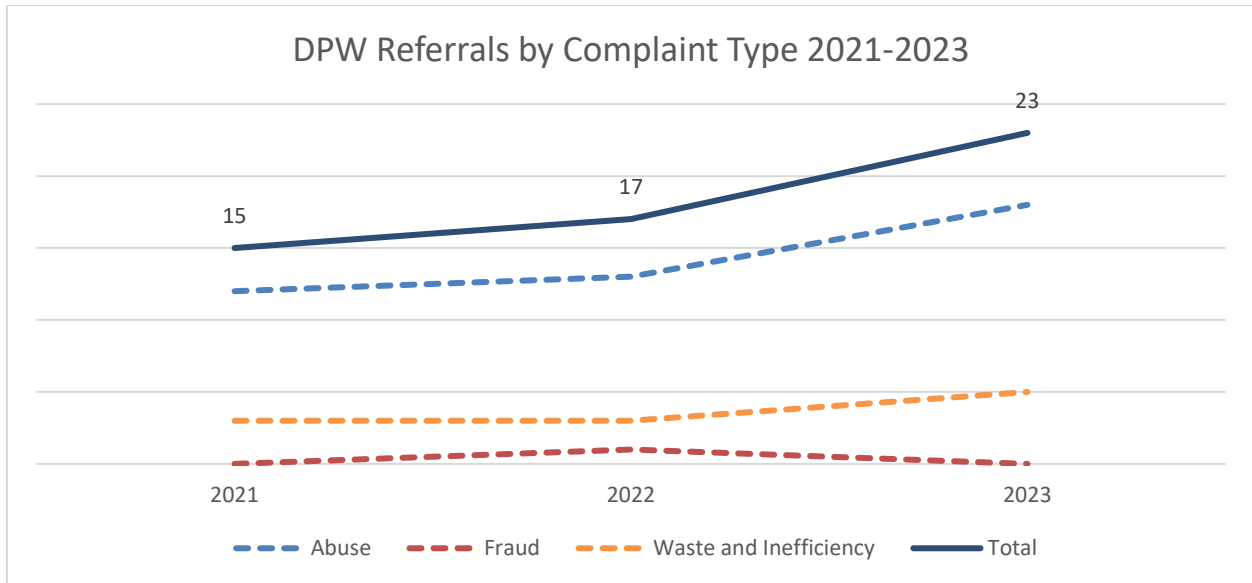
Chart 3



The most common actionable complaint type is Abuse, Misuse, and Misappropriation of City Assets. This type of complaint is largely driven by interactions between residents and DPW employees in the

field, as DPW employees are highly visible to the public. Chart 4 below shows DPW referrals by complaint type from 2021 through 2023.

Chart 4



C. Actions Taken

Thirty-nine complaints (18% of those received in 2023) were actionable. Internal Audit refers complaints to department management when they are in a position to conduct an objective investigation of the complaint and refers cases to the Department of Employee Relations for the most serious employee conduct allegations and complaints regarding the conduct of departmental leaders. Internal Audit investigates cases when it is best positioned to conduct an investigation. Chart 5 below provides a breakdown of actions taken by the Hotline in 2023, with comparative data provided for 2021 through 2023.

When a complaint is deemed to be actionable, there are three main avenues the complaint can be investigated:

- **Department Referral** is a direct referral to the applicable department/management for case investigation and follow-up.
- **Internal Audit Investigated** is when Hotline operators investigate the case directly.

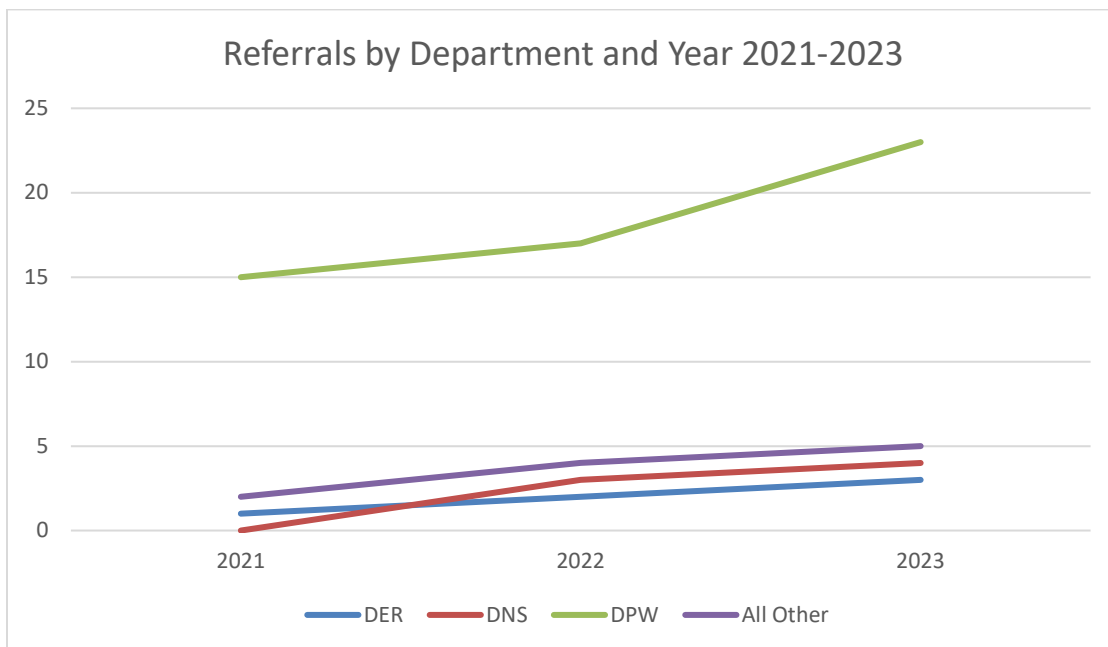
- Investigated and Department Referral** occurs when during the initial investigation by Hotline operators, if it becomes apparent that the complaint would be better handled by a specific department, a Department Referral is made. This ensures that the appropriate department conducts a thorough investigation and follows up accordingly.

Chart 5



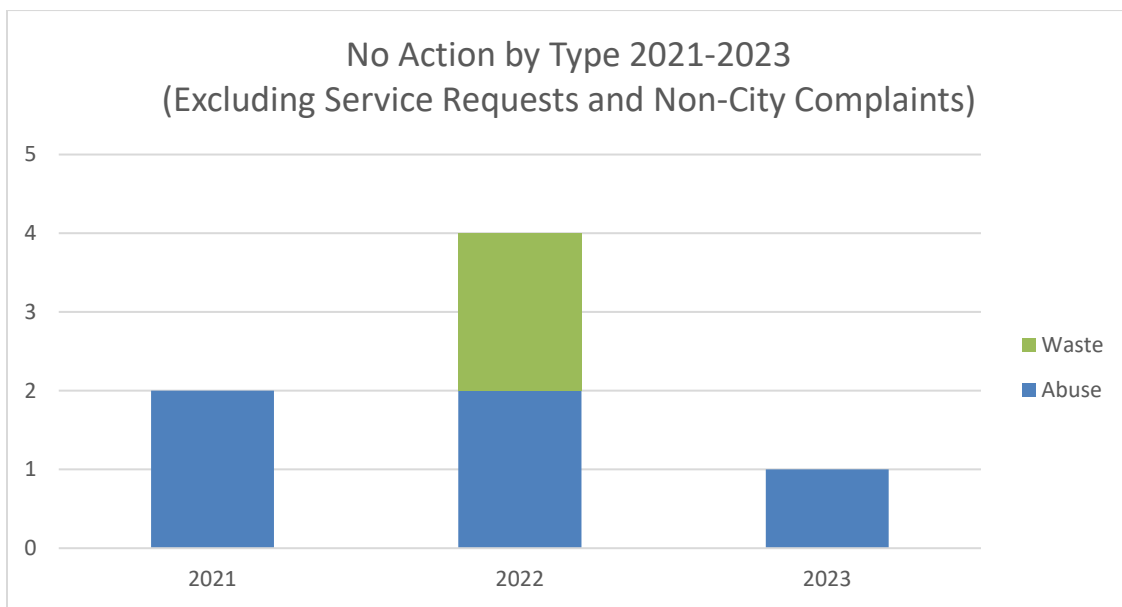
Chart 6, below, details which City departments received Hotline referrals from 2021 through 2023.

Chart 6



Examples of non-actionable reports are service requests, non-City issues, and complaints lacking enough information to investigate. Complainants are referred to Call for Action and Click for Action for service requests and to the appropriate agencies for non-City issues. Fraud Hotline operators attempt to contact the complainant three times for complaints lacking sufficient detail using the contact information left by the complainant. However, complainants often do not provide contact information or cannot be reached after repeated attempts. Chart 7 shows the number of no action outcomes by complaint type from 2021 through 2023 resulting from insufficient information.

Chart 7



Once a report from one of the actionable categories has been investigated and closed, the report is deemed either substantiated or unsubstantiated. Unsubstantiated reports are generally invalid facts or a misunderstanding of the circumstances identified and reported to the Hotline; while substantiated reports are based on confirmed facts.

Chart 8 details the number of substantiated complaints by department and year from 2021 through 2023.

Chart 8

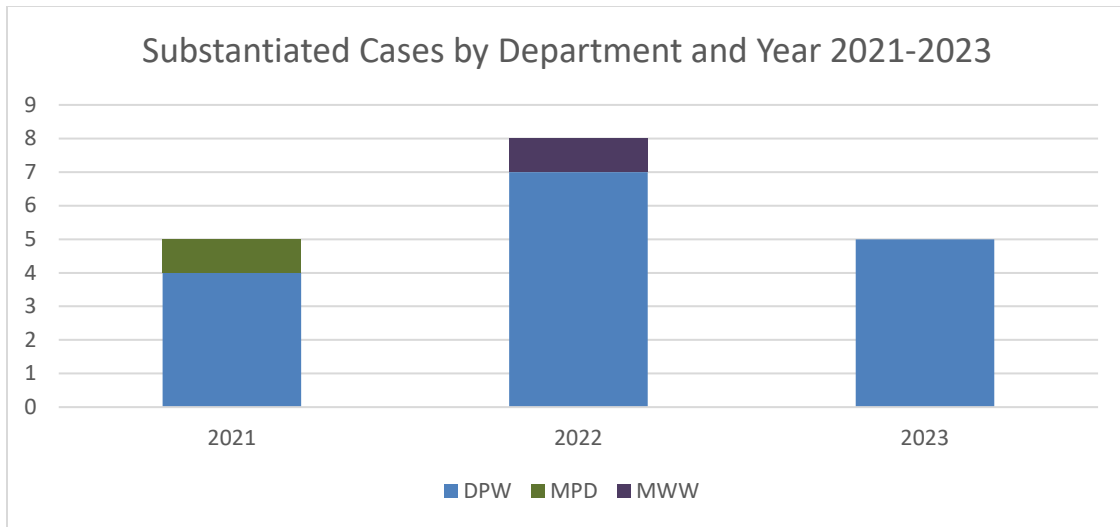
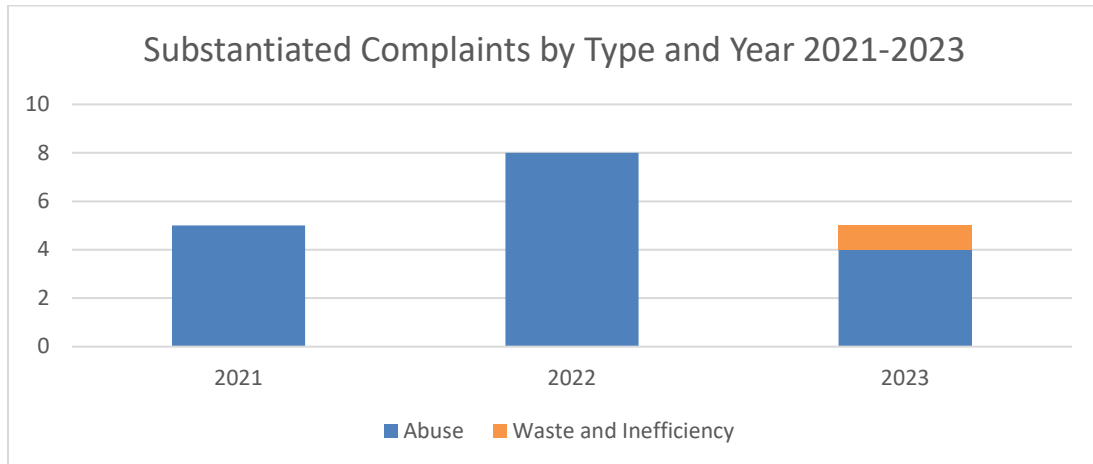


Chart 9 shows substantiated complaints by type and year.

Chart 9



For those complaints regarding employee behavior, department management or Internal Audit determine the appropriate action to be taken in resolving substantiated reports. For example, management may determine that procedural changes, retraining, counseling, or disciplinary action is appropriate.

As of Fraud Hotline reporting for the year ended December 31, 2023, two cases remain open as active investigations due to case complexity.