



777 East Wisconsin Avenue
 Milwaukee, WI 53202

May 28, 2002

The Honorable Members of the Common Council
 of the City of Milwaukee
 200 East Wells Street
 Milwaukee, Wisconsin 53202

We have completed our review of the City of Milwaukee's (the City) grant process. Our procedures included a review of the current procedures and internal controls over grant processing as well as a review of the City's grant cultivation process.

The purpose of this analysis was to gain an understanding of:

- how the City processes grants, identify the internal controls in place over the grant process, and identify areas for improvement; and
- how the City cultivates new grant opportunities in the various City departments and to provide recommendations to improve the City's grant cultivation process.

Background

The City of Milwaukee received approximately \$67.1 million and \$69.2 million of grant and aid revenues in 2001 and 2000, respectively, which amounts to approximately 10% of the City's revenue. The majority of the grant and aid revenues received on an annual basis consists of continuing grant programs (i.e., block grants and entitlement grants). The following table summarizes the grant dollars, excluding the block and entitlement grants, received by the City in 2001 and 2000:

<u>City Department</u>	<u>2001</u>	<u>2000</u>
Department of Administration	\$ 3,055,000	3,856,000
Department of City Development	435,000	135,000
Fire and Police Commission	16,000	134,000
Fire Department	4,820,000	4,491,000
Police Department	4,228,000	4,521,000
Department of Neighborhood Services	63,000	170,000
Health Department	11,607,000	11,864,000
Department of Public Works	3,087,000	4,223,000
Library	1,102,000	1,345,000
Total	<u>\$ 28,413,000</u>	<u>30,739,000</u>





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The City of Milwaukee's Comptroller's Office is responsible for facilitating the grant approval process along with the Common Council. Upon approval by the Common Council, the Revenue and Cost Division in the Comptroller's Office is responsible for the processing of all associated transactions, beginning with the initial fund account setup through completion and closeout of the grant. Given the significant grant and aid revenues received on an annual basis, the Comptroller's Office requested this review.

Conclusion

Based upon the procedures performed, we have the following observations and recommendations for improvement:

- In order to gain approval from the Common Council for new grant funding, a lengthy/cumbersome process is required, including the generation and submission of significant amounts of paperwork to the Comptroller's Office and Common Council. This process is performed by the various City departments which administer the grants. It is our understanding that in 1994, a committee made up of representatives from various City departments developed the process/instructions that are currently being utilized. We recommend the City reconvene a similar committee to review the required approval process for grant funding to determine if the process can be streamlined in any way to shorten the amount of work/time required.
- Although the City has an Intergovernmental Relations Division that works with the state and federal governments to identify grant opportunities, the majority of the grant cultivation activities is being performed at the department level. We recommend that the City develop and adopt a citywide policy governing grant cultivation procedures for all City departments. This policy should include the following best practice grant cultivation techniques:
 - Networking – Department management must establish and maintain relationships with contacts at the federal and state granting agencies. This can be accomplished through effective seminar and workshop attendance. Relationships with local community agencies are important as well. These local agencies are very proactive in grant cultivation and often become aware of available funding that needs to be passed through a government unit.
 - Daily Research – Daily research for possible funding opportunities, updated legislation, and additional appropriations should be conducted. This research should include visiting federal and state granting agency websites, reading newspapers, watching the news, and reading newsletters and other information received from federal and state agencies. It is important that the City departments are on all applicable federal and state agency mailing lists.
 - Contacts with Politicians – Department management must have regular contact with state and United States congressional representatives to request additional appropriations or new appropriations if the budget allows.



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- Funding Report – The City’s Intergovernmental Relations Division prepares a report that is distributed to all City departments called the *Funding Report*. This report should be reviewed and funding opportunities followed up upon in a timely manner.

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This report is intended solely for the information and use of the Common Council and management of the City of Milwaukee and should not be used by others. Please contact me if you have any questions or need additional information.

Very truly yours,

KPMG LLP

A handwritten signature in cursive script that reads "Steven L. Pawlow".

Steven L. Pawlow
Partner