



Office of the Comptroller

November 14, 2011

W. Martin Morics, C.P.A.  
Comptroller

Michael J. Daun  
Deputy Comptroller

John M. Egan, C.P.A.  
Special Deputy Comptroller

Craig D. Kammholz  
Special Deputy Comptroller

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, 2011.

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 2011 reporting period, 101 contacts were made to the Hotline. The majority of these contacts involved employee conduct, potential fraud, waste and abuse, and alleged criminal activity. Sixty-one percent of all Hotline contacts were made via the City Hotline Web Page, which can be found at [www.city.milwaukee.gov](http://www.city.milwaukee.gov).

In addition to the 2011 Hotline results, the report includes results from 2010, 2009 and 2008 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.

I encourage you to review this report and contact me with any questions or comments.

Sincerely,

W. MARTIN MORICS  
Comptroller

WMM:imm



**Office of the Comptroller  
Fraud Hotline Report  
For the Year Ended  
August 17, 2011**

This is the sixth annual report of the City of Milwaukee's Fraud, Waste and Abuse Hotline. The reporting period is from August 18, 2010, through August 17, 2011 (referred to as 2011). Information for 2008, 2009 and 2010 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 101 new contacts in 2011. This compares to 80 contacts in 2010, 68 contacts in 2009 and 96 contacts in 2008 (Table 1). Information regarding 2011 Hotline contacts is provided below.

**Method of Contact**

In 2011, 61 percent or (62) Hotline contacts were generated through the on-line submission form or direct email. Another method of contact is the City Hotline phone-in line where a caller can speak directly with Hotline staff. The on-line and telephone contacts are a majority of the Hotline calls at 98 percent overall, with 37 percent (37) of the Hotline contacts attributed to telephone calls. In addition, 2 percent (2) of the contacts were sent by direct mail or dropped off in person. Over time, the percentages for on-line and direct mail have decreased, while the percentages for telephone contacts have increased. In 2011, Hotline received no contacts by fax.

**Hotline Report For the Year Ended August 17, 2011**

**Table 1 – Method of Contact by Year**

	2008		2009		2010		2011	
<b>Web Page/ Email</b>	70	73%	60	88%	61	76%	62	61%
<b>Mail</b>	6	6%	1	2%	2	3%	1	1%
<b>Phone</b>	18	19%	7	10%	16	20%	37	37%
<b>In Person</b>	2	2%	0	0%	1	1%	1	1%
<b>Fax</b>	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<b>96</b>	<b>100%</b>	<b>68</b>	<b>100%</b>	<b>80</b>	<b>100%</b>	<b>101</b>	<b>100%</b>

**Source of Contacts**

Of the new 101 contacts received in 2011, 76 percent (77) were made by citizens. City employees generated 11 percent (11) of the new Hotline contacts. The remaining 13 percent of contacts (13) were referrals from the Milwaukee County Hotline staff.

Of all new Hotline contacts in 2011, 60 percent (61) contacts were made by parties requesting confidentiality.

Sources of Contacts and the number of contacts requesting confidentiality for 2008 through 2011 are provided in Attachment I.

**Type of Concerns**

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

1. Potential Fraud/Abuse
2. Waste & Inefficiencies
3. Ethics Issues
4. Employee Conduct
5. Criminal Conduct
6. Service Requests
7. Non-City Issues

The chart on the next page shows that the largest category of contacts or concerns in 2011, 33 percent, was Potential Fraud or Abuse. These contacts include reports of potential employee residency violations, misappropriation, procurement abuse, and rent assistance abuse. Categories of Waste & Inefficiencies and Service Requests each accounted for 22 percent of contacts for 2011. Waste & Inefficiencies contacts included the number of workers on a street repair, the

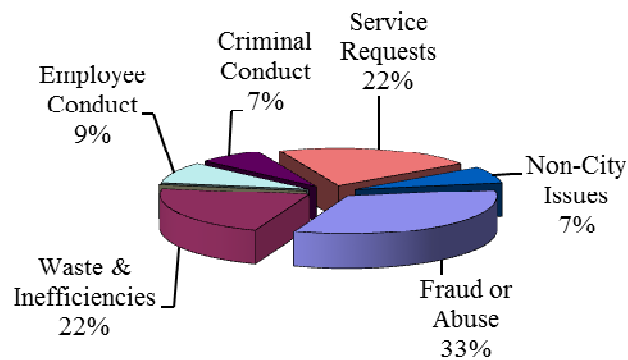
## Hotline Report For the Year Ended August 17, 2011

quality of street repairs, and alleged misuse of City time by City employees. Service Requests include requests for sanitation collection, reports of disrepair on neighboring properties, and inquiries regarding City ordinances and building code enforcement.

Concerns regarding City Employee Conduct accounted for 9 percent of contacts for 2011, including misuse of City vehicles and unsafe driving. Non-City Issues were 7 percent of 2011 contacts, and included issues referred to Milwaukee Public Schools (MPS), Milwaukee County, and the State, including alleged abuse of MPS residency requirements, County rent assistance, the WI Food Share program (food stamps), income tax fraud, and identity theft.

Finally, Criminal Conduct allegations also accounted for 7 percent of contacts for 2011, including allegations of drug offenses, domestic violence, child abuse, and theft. These allegations were referred to law enforcement agencies (including the Milwaukee Police, UWM Police, and the FBI) or State agencies (including Children & Families) for investigation and action. In 2011, the Hotline received no contacts regarding ethics issues. Attachment II identifies the types of concerns referred to each City department or Non-City agencies.

**Chart 1 – Type of Concerns**



Each Hotline contact received in 2011 was assessed by Comptroller audit staff to determine whether the reported concern provided sufficient information to be forwarded, to request additional information from the complainant if needed (if the complainant provide a telephone number or email address), and to identify the appropriate action and/or referral based on this review.

**Hotline Report For the Year Ended August 17, 2011**

**Actions Taken**

Of the 101 Hotline contacts received in 2011, 61 contacts (60 percent) were referred to City departments for follow-up action. City departments responded to these referrals. In response to concerns about employee conduct, departments investigated each, and for verified complaints, affected employees were counseled and in some cases disciplined. Service requests were sent to the appropriate City department or, if appropriate, referred to the City Call Center operated by the Department of Public Works. Departments receiving service requests responded that requested services were provided, including trash removal, and property inspections. The Housing Authority investigated all referred concerns regarding the Rent Assistance Program abuse and took action on those that could be verified.

The Hotline did not request disposition information for Criminal Referrals to law enforcement (4 allegations or 4 percent of total) or for referrals to Non-City agencies (19 contacts or 19 percent of total). Finally, Audit staff did not refer contacts that contained insufficient information to be referred or were without merit (17 contacts or 17 percent), including 10 without merit and 7 with insufficient information.

Table 2 below is a schedule of actions taken in 2011, with comparison data for 2008, 2009, and 2010.

**Table 2 – Actions taken.**

	2008		2009		2010		2011	
<b>Department Referral</b>	48	50%	33	49%	67	83%	61	60%
<b>Internal Audit</b>	7	7%	1	1%	0	0%	0	0%
<b>Criminal Referral</b>	11	12%	2	3%	0	0%	4	4%
<b>Non-City</b>	5	5%	13	19%	11	14%	19	19%
<b>Investigated, No Further Action</b>	18	19%	18	27%	2	3%	10	10%
<b>No Action</b>	7	7%	1	1%	0	0%	7	7%
<b>Total</b>	<b>96</b>	<b>100%</b>	<b>68</b>	<b>100%</b>	<b>80</b>	<b>100%</b>	<b>101</b>	<b>100%</b>

Referrals to City departments in 2011 (see Attachment III) show the Department of Public Works received the largest share of department referrals with 27. Other departments receiving referrals in 2011 included the Housing Authority (HACM) with 11 referrals, Department of Neighborhood Services with 9 referrals, and the Fire and Police Commission with 6 referrals. Finally, the Departments of Administration, Community Development and Employee Relations each received 2 referrals, and the City Attorney and Comptroller’s Office each received 1

## **Hotline Report For the Year Ended August 17, 2011**

referral. With the exception of the Fire and Police Commission (FPC), each City Department provided the results of each Hotline referral; Hotline does not ask FPC to provide results.

### **Benefits**

The City Hotline has proven to be a benefit by providing citizens and City employees 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 that were received during the first seven years of operation, it is clear the public is utilizing the City Hotline. There also have been a significant number of Hotline contacts from City Employees, indicating it is used as a Whistleblower tool, an effective Internal Control tool to mitigate the risk of theft and abuse. 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 report.

### **The Hotline Process**

#### **Hotline Web Page**

The City web site at [www.milwaukee.gov](http://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 the auditor in charge of Hotline contacts and the Audit Division Manager. These emails indicate that they are sent from an anonymous source unless the sender voluntarily provides an email address or phone number 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](mailto:hotline@milwaukee.gov). The sender’s email address is included on these direct emails, so this type of contact is not anonymous.

## **Hotline Report For the Year Ended August 17, 2011**

### **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 which may be why it is rarely used.

### **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 beginning with the year, month, day and time of contact in military hours. For example a call on March 12, 2011 at 3:10 pm would have a case number of 201103121510. The record is entered into the Hotline database and tracked until a final disposition is entered. Each Hotline contact received is handled in the same manner; 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 shortly after receiving it if it is during normal business hours. Parties providing contact information are notified about the disposition of their Hotline cases.

- Referrals to City Departments: Contacts about City employee conduct, such as excessive break time or misuse of City equipment are referred to City departments. Routine service requests for sanitation pick-ups or street potholes are referred to the City service desk or

## Hotline Report For the Year Ended August 17, 2011

Call Center with a courtesy notification to the department head. Responses are received from departments indicating actions taken on the Hotline referrals.

- Referrals to Non-City Agencies: Contacts are often received that do not pertain to City government. For example, a complaint about the Food-Share Program (food stamps) abuse or Daycare fraud would be referred to the State Department of Health Services and the Department of Children and Families, respectively.
- Referrals to Law Enforcement Agencies: Contacts about illegal activity are referred to the Milwaukee Police Department or to the applicable Federal, State or municipal law enforcement agency.
- Referrals to Internal Audit: Some Hotline contacts are referred to audit staff in the Office of the Comptroller for additional investigation or a formal audit.

Ref: 2011 Hotline Report



**Attachment I**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>Total</b>
<b>Method of Contacts</b>					
Web Page/Email	70	60	61	62	253
Mail	6	1	2	1	10
Phone	18	7	16	37	78
In Person	2	0	1	1	4
Fax	0	0	0	0	0
<b>Total</b>	<u>96</u>	<u>68</u>	<u>80</u>	<u>101</u>	<u>345</u>
<b>Source of Contacts</b>					
Employee	24	7	19	11	61
Vendor	2	0	0	0	2
Citizen	49	31	41	77	198
Unknown	10	30	13	0	53
City Departments	0	0	0	0	0
Other Agencies	11	0	7	13	31
<b>Total</b>	<u>96</u>	<u>68</u>	<u>80</u>	<u>101</u>	<u>345</u>
Requested Confidentiality	<u>58</u>	<u>35</u>	<u>48</u>	<u>61</u>	<u>202</u>
<b>Type of Concerns</b>					
Potential Fraud/Abuse	20	25	18	34	97
Waste & Inefficiencies	4	1	8	22	35
Ethics Issues	2	2	0	0	4
Employee Conduct	26	18	32	9	85
Criminal Conduct	11	6	7	7	31
<b>Subtotal</b>	<u>63</u>	<u>52</u>	<u>65</u>	<u>72</u>	<u>252</u>
Service Requests	31	14	13	22	80
Non-City Issues	2	2	2	7	13
<b>Total</b>	<u>96</u>	<u>68</u>	<u>80</u>	<u>101</u>	<u>345</u>
<b>Actions Taken</b>					
Departmental Referrals	48	33	67	61	209
Internal Audit - Follow-up	7	1	0	0	8
Criminal Referrals	11	2	0	4	17
Non-City Referral	5	13	11	19	48
Investigated NFA	18	18	2	10	48
No Action	7	1	0	7	15
<b>Total</b>	<u>96</u>	<u>68</u>	<u>80</u>	<u>101</u>	<u>345</u>

**Audit Hotline - Statistics**  
**Types of Concerns by Department**  
**For Years Ended August 17, 2011, 2010, 2009, and 2008**

2011 Type of Concern	Department Total	C. Att.	CC	Comp	DCD	DER	DNS	DOA	DPW	Election	ERS	FPC	HACM	Mayor	MHD	MFD	MPD	Non-City
Potential F & A	34					2	2	2	2	2			11					15
Waste & Ineff.	22								15			6						1
Ethics	0																	
Emp Cond.	9					1			6		2						5	2
Criminal Cond	7																2	2
Service Req.	22	1		1	2		8		8									7
Non-City	7																	
<b>Total</b>	<b>101</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>10</b>	<b>2</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>27</b>

2010 Type of Concern	Department Total	C. Att.	CC	Comp	DCD	DER	DNS	DOA	DPW	Election	ERS	FPC	HACM	Mayor	MHD	MFD	MPD	Non-City
Potential F & A	18					1		1	3				6					7
Waste & Ineff.	8							1	5						2			
Ethics	0																	
Emp Cond.	32			1		1	1		19		1	6		1				2
Criminal Cond	7					1			1		1						3	1
Service Req.	13						3		7						1			2
Non-City	2										1							1
<b>Total</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>35</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>13</b>

2009 Type of Concern	Department Total	C. Att.	CC	Comp	DCD	DER	DNS	DOA	DPW	Election	ERS	FPC	HACM	Mayor	MHD	MFD	MPD	Non-City
Potential F & A	25			1					7	1			4					12
Waste & Ineff.	1								1									
Ethics	2					1						1						
Emp Cond.	18						1		10			2	1	1	1			2
Criminal Cond	6								2		2						2	
Service Req.	14						3		5						1		1	4
Non-City	2																	2
<b>Total</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>25</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>20</b>

2008 Type of Concern	Department Total	C. Att.	CC	Comp	DCD	DER	DNS	DOA	DPW	Election	ERS	FPC	HACM	Mayor	MHD	MFD	MPD	Non-City
Potential F & A	20						6		9	2		1			1	1		
Waste & Ineff.	4								2					1				
Ethics	2		2															
Emp Cond.	26						2		22				1					1
Criminal Cond	11																11	
Service Req.	31			3			5		14					1	3			5
Non-City	2																	2
<b>Total</b>	<b>96</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>47</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>11</b>	<b>8</b>

**Audit Hotline - Statistics**  
**Actions Taken by Department**  
**For Years Ended August 17, 2011, 2010, 2009, and 2008**

2011 Actions Taken	Department Total	C. Att.	CC	CDBG	Comp	DCD	DER	DNS	DOA	DPW	Election	ERS	FPC	HACM	Mayor	MFD	MHD	MPD	Non-City	
Dept. Ref.	61	1			1	2	2	9	2	27		6	11							
I.A. Follow-up	0																			
Criminal Ref.	4																		2	2
Non-City	19																		19	4
Inv. NFA	10									3									2	4
No Action	7						1	1		1									1	2
<b>Total</b>	<b>101</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>10</b>	<b>2</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>27</b>

2010 Actions Taken	Department Total	C. Att.	CC	CDBG	Comp	DCD	DER	DNS	DOA	DPW	Election	ERS	FPC	HACM	Mayor	MFD	MHD	MPD	Non-City	
Dept. Ref.	67				1		3	4	1	35		1	8	6	1				3	1
I.A. Follow-up	0																			
Criminal Ref.	0																			
Non-City	11																			11
Inv. NFA	2								1											1
No Action	0																			
<b>Total</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>35</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>13</b>

2009 Actions Taken	Department Total	C. Att.	CC	CDBG	Comp	DCD	DER	DNS	DOA	DPW	Election	ERS	FPC	HACM	Mayor	MFD	MHD	MPD	Non-City	
Dept. Ref.	33						1	3		12			5	4				2	2	4
I.A. Follow-up	1				1															
Criminal Ref.	2									1										1
Non-City	13																			13
Inv. NFA	18							1		12	1			1					1	2
No Action	1														1					
<b>Total</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>25</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>20</b>

2008 Actions Taken	Department Total	C. Att.	CC	CDBG	Comp	DCD	DER	DNS	DOA	DPW	Election	ERS	FPC	HACM	Mayor	MFD	MHD	MPD	Non-City	
Dept. Ref.	48				1			9		34						1	3			3
I.A. Follow-up	7			1						1	2									
Criminal Ref.	11																		11	
Non-City	5																			5
Inv. NFA	18		2		2			3		10					1	1				1
No Action	7							1		2				1	1					
<b>Total</b>	<b>96</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>47</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>11</b>	<b>8</b>	<b>11</b>