



**Report on the DPW Fleet
Asset Management
Procedures for the City of
Milwaukee**

BILL CHRISTIANSON
City Comptroller

ADRIANA MOLINA
Audit Manager

May 2025

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Bill Christianson, CPFO
Comptroller

Charles Roedel, CPA, CIA
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Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

June 03, 2025

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 DPW Fleet Procurement to Disposal Audit. The review was performed by audit specialist at Clifton Larson Allen, LLP (CLA) with oversight by City of Milwaukee Internal Audit.

The risk assessment was performed in accordance with Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants.

CLA was contracted to identify impacts and risks related to the lifecycle and strategic processes for fleet asset procurement as well as the disposal of fleet assets as their lifecycles end. CLA also assessed the collective procedures, organization, governance, and tools regarding existing asset management policies, processes, and related programs to identify potential enhancements to the effectiveness of controls and oversight for asset management.

Appreciation is expressed for the cooperation extended to the auditors by the personnel of the all MWW Divisions and Management interviewed throughout this process.

Sincerely,

Adriana Molina
Audit Manager, CPA

A handwritten signature in blue ink, appearing to read 'Adriana', is written over the printed name and title.

AMM: BB



Why We Did This Audit

Department of Public Works - Fleet Operations ranked as a high priority audit within the annual risk assessment.

Objectives

The objective was to perform an assessment designed to assess that Milwaukee DPW's capital assets are managed efficiently and effectively by reviewing and verifying compliance with documented policies and procedures related to fleet procurement, disposal, leasing, invoice processing, and acquisition.

Background

Fleet Operations maintains and operates the departments' centralized fleet of 3,024 pieces of rolling stock and 1,935 related components, totaling 4,959 pieces of equipment. The section provides equipment and vehicles for other DPW divisions and various city departments, and repair services for vehicles owned by the Library, Health Department, Police Department, Water Works, Sewer Maintenance, and Transportation.

Audit Report Highlights

Report on the DPW Fleet Asset Management Procedures for the City of Milwaukee

Overview

CLA was contracted to identify impacts and risks related to the lifecycle and strategic processes for fleet asset procurement as well as the disposal of fleet assets as their lifecycles end. CLA also assessed the collective procedures, organization, governance, and tools regarding existing asset management policies, processes, and related programs to identify potential enhancements to the effectiveness of controls and oversight for asset management.

Opportunities for Improvement

Based on the results of the procedures performed and observations identified within the course of our review, DPW's execution of Asset Management practices is rated overall as **Satisfactory**. The operations of internal controls tested were also rated overall as **Satisfactory**. Based on the review performed with exceptions noted and severity of the items requiring improvement, an overall rating of **Satisfactory** was determined. The operations of internal controls tested, and individual conclusion ratings have been assigned to observations noted with *Findings and Recommendations* section.

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

**REPORT ON THE DEPARTMENT OF PUBLIC
WORKS FLEET PROCUREMENT TO DISPOSAL AUDIT FOR
THE CITY OF MILWAUKEE**



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May 30, 2025

Audit and Members of Common Council
City of Milwaukee

This report provides the City of Milwaukee (“you”, “the City” or “Milwaukee”) and members of the Common Council with the results of the City of Milwaukee Department of Public Works (DPW) Fleet Procurement to Disposal Audit.

The assessment was performed in accordance with Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants. CliftonLarsonAllen (CLA) was not engaged by Milwaukee to conduct a financial audit or examination, for which the objective would be the expression of an opinion on the financial statements or other assertion. Had we been hired to perform an audit of financial statement information or examination in accordance with U.S. generally accepted auditing standards, other issues may have come to our attention that would have been reported to you. Therefore, we express no opinion on the effectiveness of the City’s internal controls over all or any part of its financial statements.

City management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. You are also responsible for establishing and maintaining internal controls, including the monitoring of ongoing activities.

In addition, the procedures performed by CLA are not a substitution for management’s responsibility to maintain a system of controls to mitigate risk. The assessment was designed to assist the City with insight to inherent and specific risks throughout the City. Our procedures alone cannot identify errors and irregularities related to the scope of this project.

We appreciate the opportunity to assist the City. Management and staff involved in the process were a pleasure to work with and open to sharing their opinions and knowledge. This cooperation was invaluable to the outcome of this project. If you have any questions, please feel free to contact us for assistance.

This report is intended solely for use by management and the Audit and Members of Common Council. It is not intended for use, in whole or in part, by outside parties without the specific consent of CliftonLarsonAllen LLP.

Sincerely,

CliftonLarsonAllen LLP
May 30, 2025

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Background

CLA was contracted to identify impacts and risks related to the lifecycle and strategic process for fleet asset procurement as well as the disposal of fleet assets as their lifecycles end. CLA also assessed the collective procedures, organization, governance, and tools regarding existing fleet procurement, disposal, asset management policies, processes, and related programs to identify potential enhancements to the effectiveness of controls and oversight for fleet procurement to disposal.

Scope

CLA focused on a review of Milwaukee DPW's documented policies and procedures related to fleet procurement, disposal, leasing, invoice processing, and acquisition. This included a verification that all fleet assets are invoiced, leased, and acquired in accordance with these established processes. Additionally, an assessment of the allocation and tracking of fleet assets to various departments was performed, ensuring that these allocations are logged, tracked, and communicated effectively.

Further, an assessment on the management of user access within the DPW asset application, ensuring that segregation of duties and appropriate access controls are enforced for asset procurement and disposal was performed. Lastly, a review of the tracking of fleet assets to their end of useful life by department, and the disposal of these assets in accordance with the Fleet Disposal Process was performed.

This scope was limited to the City of Milwaukee's DPW department. CLA did not perform procedures for other departments within the City. This document serves as a report of observations and recommendations CLA noted over the course of the engagement, for management's discussion and review before finalization.

The following ratings will be used to report our findings to Management:

Satisfactory (S)	Denotes an acceptable structure of internal control and reasonable compliance with pertinent policies, procedures, and regulatory requirements. Issues indicate modest weaknesses that require management's attention.
Needs improvement (NI)	Denotes weaknesses in the structure of internal control and/or compliance with pertinent policies, procedures, and regulatory requirements. The issues require management's prompt resolution to prevent further deterioration and possible losses.
Unsatisfactory (U)	Denotes substantial weakness in the structure of internal control and/or compliance with related policies, procedures, and regulatory requirements. Management's immediate attention to these issues is required to prevent loss to the Company.

Objectives

Policies and Procedures

CLA's objective regarding policies and procedures for the City of Milwaukee was to validate that proper control activities, governance, and tools related to fleet procurement, disposal and asset management are in place.

CLA reviewed appropriate policy statements and procedural documentation (where available) to assess the following:

- Fleet Procurement
- Fleet Disposal
- Fleet Leasing, Invoice Processing and Acquisition
- Fleet Maintenance

Department of Public Works Assessment

Our objective was to perform an assessment designed to assess that Milwaukee DPW's capital assets are managed efficiently and effectively by reviewing and verifying compliance with documented policies and procedures related to fleet procurement, disposal, leasing, invoice processing, and acquisition. CLA requested, reviewed, and inspected the following information related to asset management:

- Policies, procedures and guidelines for the acquisition, procurement, and disposal of assets.
- Listings of roles and users assigned to the DPW asset management system, as well as the fleet procurement system.
- Segregation of duties for the requisition, review, approval and procurement of DPW assets.
- Controls for allocation and tracking of fleet assets
- Controls for fleet utilization and maintenance in accordance with established policies and procedures.
- Controls for fleet disposal when a fleet asset has reached end of useful life.

Audit Standards Followed

Our engagement to perform these procedures was conducted as an audit. Our internal review and quality control system includes standards as prescribed by the AICPA. The team assigned to this engagement are also in conformance with Yellow Book Continuing Professional Education standards, and also hold professional certifications under Information System Audit and Control Association standards, as well as Institute of Internal Audit standards. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.

Methodology and Approach

The approach to our review procedures, organization, governance, and tools regarding existing fleet procurement, disposal, asset management policies, processes, and related programs was to identify potential enhancements to the effectiveness of controls and oversight for fleet procurement, disposal and asset management. We also performed sample-based procedures to test a selection of the following:

- Fleet assets that were invoiced and leased to determine that fleet assets were appropriately acquired with purchase orders and agreements
- Purchase order process within FIMS to determine that purchase orders were appropriately completed and approved by authorized personnel
- Allocation of fleet assets to DPW departments to determine that fleet assets were allocated after procurement
- Disposal forms for assets that reached end-of-useful life to include bill of sale and recognized revenue

Domain	Focus
<ul style="list-style-type: none">• Governance and Structure• Fleet Procurement• Fleet Allocation and Tracking• Fleet Maintenance• Fleet Disposal• User roles and access	<ul style="list-style-type: none">• Policies and Procedures• Fleet Acquisition and Invoicing• Fleet Asset Allocation Communication• Maintenance/Update Reports• Fleet Disposal records and approvals• Review of segregation of duties for assigned roles

Definition of Risk Classifications Assigned to Findings and Recommendations

Based on the review of the content of each observation, one of the following definitions of risk is assigned to facilitate comparison between observations. Below are risk definitions assigned to each of CLA's observations.

Risk	Definition
High	<p>High priority issue, which requires immediate management attention. This is a serious internal control or risk management issue that if not mitigated, may, with a high degree of certainty lead to:</p> <ul style="list-style-type: none"> • Substantial losses, possibly in conjunction with other weaknesses in the control framework, systems/applications, or the organizational entity or process being audited. • Serious violation of corporate strategies, policies, or values. • Serious reputation damage, such as negative publicity. And/or • Significant adverse regulatory impact, such as loss of operating license or material fines.
Moderate	<p>Timely management attention is warranted. This is an internal control or risk management issue that could lead to:</p> <ul style="list-style-type: none"> • Financial losses. • Loss of effective or efficient control within the organizational entity, systems/applications, or processes being audited. • Reputation damage. And/or • Adverse regulatory impact, such as report comments or material fines.
Low	<p>Low priority issue that requires routine management attention. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and/or efficiency of the organizational entity, systems/applications, or process being audited. Risks of loss are immaterial or limited.</p>

Conclusion of the City of Milwaukee's DPW Fleet Procurement to Disposal Audit

Based on the results of the procedures performed and observations identified within the course of our review, DPW's execution of Fleet Procurement to Disposal practices is rated overall as **Satisfactory**. The operations of internal controls tested were also rated overall as **Satisfactory**. Based on the review performed with exceptions noted and severity of the items requiring improvement, an overall rating of **Satisfactory** was determined. The operations of internal controls tested, and individual conclusion ratings have been assigned to observations noted with *Findings and Recommendations* section below.

The following control design strengths were noted:

- DPW maintains adequate segregation of duties for roles and responsibilities within the FMIS application for asset procurement.
- DPW maintains adequate documentation for asset procurement and invoicing.
- DPW maintains adequate documentation for asset allocation and tracking within the multiple DPW departments to include asset owners.
- Fleet asset utilization is tracked which also includes maintenance records.
- DPW maintains adequate records for fleet disposal when assets have reached end of useful life and follows the Disposal SOP.
- DPW maintains adequate records for the sale and recognition of revenue when assets are sold as part of the disposal process in accordance with the Disposal SOP.

Management is responsible for maintaining adequate control, policies and procedures, and regulatory requirements. The results of our testing were reviewed with Internal Audit management prior to their inclusion in this report. Management has included their responses and action plans to the recommendations where appropriate. We appreciate the assistance provided to us by members of the City of Milwaukee and staff during this review.

Findings and Recommendations

Observation #	Description of Observation (Potential Deficiency)	Risk	Description of Recommendation
1	Milwaukee DPW does not conduct formal user access reviews for Asset Procurement/Disposal Approvers, Submitters, and Reviewers.	Medium	CLA recommends implementing a formal process for the periodic review of user access. This process should be thoroughly documented and maintained to ensure that only authorized users have access to sensitive systems and data. Regular reviews will help identify and address any unauthorized access, thereby enhancing the security and integrity of the organization's operations.
Management Response 1:	<p>DPW Fleet Services will develop department-specific purchasing procedures and review them on a periodic basis. DPW Fleet Services procures and acquires equipment utilizing policies and procedures established by the Department of Administration – Purchasing Division, granted under chapter 16 of the City of Milwaukee Charter.</p> <p>DPW Fleet Services can only request the purchase of a vehicle or piece of equipment; the final approval resides within the authority of the City's Purchasing Director. Although the Purchasing Department's existing policies define and govern DPW's procurement and acquisition of equipment already, department-specific procedures will improve overall understanding of how to execute the purchase process.</p> <p><i>Implementation date: September 2025</i></p>		
2	<p>Milwaukee DPW does not have formally documented internal policies and procedures for the following business processes:</p> <p>1) Fleet Procurement 2) Fleet Acquisition</p>	Low	CLA recommends that Milwaukee DPW develop and formally document comprehensive internal policies and procedures for both fleet procurement and fleet acquisition that are reviewed on an annual basis, or as updates are necessary. This will ensure consistency, transparency, and efficiency in these critical business processes.
Management Response 2:	<p>DPW Fleet Services will coordinate with necessary departments to establish a procedure whereby DPW user access within the Financial Management Information System (FMIS) is reviewed on a periodic basis.</p> <p>The submission, review, and approval process for purchases resides within the Financial Management Information System (FMIS). Currently FMIS security access is reviewed by DPW Administration when employees are hired, separated or transferred. Fleet Services may advise on who should be given access, but Fleet Services has no security to grant, remove or change FMIS access. DPW Administration submits FMIS security change requests to ITMD, which is the agency that actually has security to grant or alter an employee's FMIS access. While DPW already reviews employee FMIS access upon changes in payroll, DPW Fleet Services will request a report of Fleet staff who have FMIS access bi-annually and review that list for accuracy.</p> <p><i>Implementation date: September 2025</i></p>		
3	The Milwaukee DPW Asset Disposal SOP is not reviewed on an annual basis or as updates are necessary/required.	Low	CLA recommends that Milwaukee DPW formally document and review the Disposal Standard Operating Procedure (SOP) annually. A change log should be implemented in the beginning or end of the SOP and signed off by DPW Management on an annual basis. If no changes are required, then an entry of "N/A - No changes" can be used.
Management Response 3:	<p>DPW Fleet Services will conduct periodic reviews of the Disposal Standard Operating Procedure and track changes or revisions as appropriate.</p> <p>The disposal of surplus vehicles or equipment is governed by section 310-7 of the City of Milwaukee Code of Ordinances. The Disposal SOP was created to provide a department-specific process to dispose of equipment that has reached the end of its useful life or was otherwise obsolete. This SOP was developed by DPW Fleet Services in</p>		

Observation #	Description of Observation (Potential Deficiency)	Risk	Description of Recommendation
	the interest of clarifying the process and bolstering transparency to mitigate the risks associated with vehicle disposal. This SOP is appropriately subject to periodic review and revision. <i>Implementation date: September 2025</i>		
4	Milwaukee DPW does not utilize onboarding and offboarding checklists to provide reasonable assurance that new hires and terminations to the FMIS application.	Low	CLA recommends that Milwaukee DPW should develop and implement comprehensive onboarding and offboarding checklists. These checklists will ensure that all necessary steps are completed efficiently and consistently, providing reasonable assurance that new hires and terminations are given appropriate security to the FMIS system.
Management Response 4:	DPW uses the DER hiring check list when onboarding new employees. DPW also uses an internal check list when offboarding employees. DPW will add a step to each checklist for review of an employee's FMIS access. <i>Implementation date: September 2025</i>		



Bill Christianson, CPFO
Comptroller

Charles Roedel, CPA, CIA
Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

June 17, 2025

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 DPW Fleet Procurement to Disposal Audit. 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', is written over the word 'Sincerely,'.

Bill Christianson, CPFO
Comptroller



Department of Public Works
Operations Division- Fleet Services

Jerrel Kruschke, P.E.
Commissioner of Public Works

Danielle A. Rodriguez, M.B.A.
Director of Operations

Brian J. White, CPFP
Fleet Services Manager

June 3, 2025

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

Subject: 2024 DPW Fleet Procurement to Disposal Audit

Dear Ms. Molina,

Thank you for the opportunity to respond to the observations found during the audit of DPW Fleet Procurement to Disposal. DPW Fleet Services recognizes the importance of transparency and accountability in both the procurement and disposal of equipment and values any opportunity to improve our operations and minimize exposure to risk. Accordingly, we have taken steps to implement recommendations and findings observed during the audit.

Please see the summary responses to your observations and recommendations below.

Recommendation 1: DPW should develop and formally document comprehensive policies and procedures for both fleet procurement and fleet acquisition that are reviewed on an annual basis, or as updates are necessary. This will ensure consistency, transparency, and efficiency in these critical business processes.

DPW Fleet Services will develop department-specific purchasing procedures and review them on a periodic basis.

DPW Fleet Services procures and acquires equipment utilizing policies and procedures established by the Department of Administration – Purchasing Division, granted under chapter 16 of the City of Milwaukee Charter. DPW Fleet Services can only request the purchase of a vehicle or piece of equipment; the final approval resides within the authority of the City's Purchasing Director. Although the Purchasing Department's existing policies define and govern DPW's procurement and acquisition of equipment already, department-specific procedures will improve overall understanding of how to execute the purchase process.

Implementation date: September 2025

Recommendation 2: DPW should implement a formal process for the periodic review of user access. This process should be thoroughly documented and maintained to ensure that only authorized users have access to sensitive systems and data. Regular reviews will help identify and address any unauthorized access, thereby enhancing the security and integrity of the organization's operations.

DPW Fleet Services will coordinate with necessary departments to establish a procedure whereby DPW user access within the Financial Management Information System (FMIS) is reviewed on a periodic basis.

The submission, review, and approval process for purchases resides within the Financial Management Information System (FMIS). Currently FMIS security access is reviewed by DPW Administration when employees are hired, separated or transferred. Fleet Services may advise on who should be given access, but Fleet Services has no security to grant, remove or change FMIS access. DPW Administration submits FMIS security change requests to ITMD, which is the agency that actually has security to grant or alter an employee's FMIS access. While DPW already reviews employee FMIS access upon changes in payroll, DPW Fleet Services will request a report of Fleet staff who have FMIS access bi-annually and review that list for accuracy.

Implementation date: September 2025

Recommendation 3: DPW should formally document and review the Disposal Standard Operating Procedure (SOP) annually. A change log should be implemented in the beginning or end of the SOP and signed off by DPW Management on an annual basis. If no changes are required, then an entry of "N/A - No changes" can be used.

DPW Fleet Services will conduct periodic reviews of the Disposal Standard Operating Procedure and track changes or revisions as appropriate.

The disposal of surplus vehicles or equipment is governed by section 310-7 of the City of Milwaukee Code of Ordinances. The Disposal SOP was created to provide a department-specific process to dispose of equipment that has reached the end of its useful life or was otherwise obsolete. This SOP was developed by DPW Fleet Services in the interest of clarifying the process and bolstering transparency to mitigate the risks associated with vehicle disposal. This SOP is appropriately subject to periodic review and revision.

Implementation date: September 2025

Recommendation 4: DPW should develop and implement comprehensive onboarding and offboarding checklists. These checklists will ensure that all necessary steps are completed efficiently and consistently, providing reasonable assurance that new hires and terminations are given appropriate security to the FMIS system.

DPW uses the DER hiring check list when onboarding new employees. DPW also uses an internal check list when offboarding employees. DPW will add a step to each checklist for review of an employee's FMIS access.

Implementation date: September 2025

Sincerely,

A handwritten signature in black ink, appearing to read "Brian J. White", with a stylized flourish at the end.

Brian J. White, CPFP
Fleet Services Manager