



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

**City of Milwaukee
Internal Audit Division
February 25, 2026**



DEPARTMENT OF
NEIGHBORHOOD SERVICES

ENHANCING DEVELOPMENT • ENGAGING NEIGHBORHOODS • ENSURING SAFETY

Agenda

- Department of Neighborhood Services Overview
- Scope & Objectives
- Procedures
- Conclusion
- Findings & Recommendations

Department of Neighborhood Services Overview

- The Department of Neighborhood Services was created in 1999 integrating elements of the former Health Department and Building Inspection Departments. It offers a variety of programs to assist homeowners, renters, landlords and community groups to improve both properties and neighborhoods. Through the enforcement of Building, Zoning, Fire, Environmental, Property Maintenance and other ordinances, DNS protects the value of investments in neighborhoods. They also support the community goal of building safe and healthy neighborhoods.
- Annually the department receives over 35,000 complaints per year with 75% of them relating to residential property.
- The adopted budget for DNS in 2024 was \$10,473,044 and the adopted budget for 2025 was \$26,024,743.



Audit Scope and Objectives

Audit Scope

The scope of the audit included Department of Neighborhood Services (DNS) Petty cash, ProCard, and travel expenses for the period of January 1, 2025, through June 30, 2025.

Audit Objectives

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

Audit Procedures

**Interviews &
walkthroughs**

**Review of relevant
Documentation**

Testing of Controls

Audit Conclusion

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

Audit Finding - 1: Petty Cash

Finding:

Inconsistencies and weaknesses in controls were noted including:

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

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

Audit Finding - 1: Petty Cash- Continued

Recommendation:

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 cash authorization form should also be updated promptly upon each change in fund custodian to maintain accurate accountability.

Audit Finding - 2: Travel Expense

Findings:

For travel expense, 5 minor discrepancies were noted (out of 10 selected samples) which included:

- 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.

Risk:

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

Risk Rating: Low

Audit Finding - 2: Travel Expense-Continued

Recommendation:

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.

Thank You



Adriana Molina, CPA - Audit Manager
Adriana.Molina@Milwaukee.gov

Elizabeth U. Amaehie - Associate Auditor
emaeh@Milwaukee.gov