



**Fraud, Waste and Abuse
Hotline Report
for the Year Ending
December 31, 2020**

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City of Milwaukee, Wisconsin

February 2021

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February 17, 2021

Honorable Tom Barrett, Mayor
The Members of the Common Council
City of Milwaukee
Milwaukee, WI 53202

Dear Mayor and Council Members:

Section 350-247 of the Code of Ordinances authorizes Internal Audit to manage the City of Milwaukee Fraud 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, 2020.

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 2020 calendar year, the Hotline received 76 complaints. The most common types of complaints received were service requests; personnel, conduct, and human resources; 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 Hotline webpage. Throughout 2021, Internal Audit will continue its efforts to educate City of Milwaukee residents and employees about the Fraud Hotline using website content.

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

Sincerely,

Charles Roedel
Charles Roedel, CPA, CIA
Audit Manager

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Introduction

This annual report of the City of Milwaukee's Fraud, Waste, and Abuse Hotline is for the Hotline activity occurring from January 1, 2020 through December 31, 2020. The scope of the City's Fraud 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 are non-city complaints, 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 Department receive, track, and investigate or refer 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 – 2020

A. Number of Complaints

In 2020, the Hotline received 76 complaints, 43 of which were actionable (i.e., the complaints were not service requests, non-City complaints, dropped calls, etc.) compared to 134 complaints in 2019 of which 49 were actionable. The decrease in complaint volume was driven by a decrease non-City complaints from 35 in 2019 to 9 in 2020, a decrease in service requests from 32 in 2019 to 14 in 2020, and a decrease in other non-actionable complaints. Internal Audit is working with DER to raise awareness of the Hotline by including Hotline information in new employee orientation materials.

Phone, email, and the online webpage were the most common methods of contact for complaints (see Table 1).

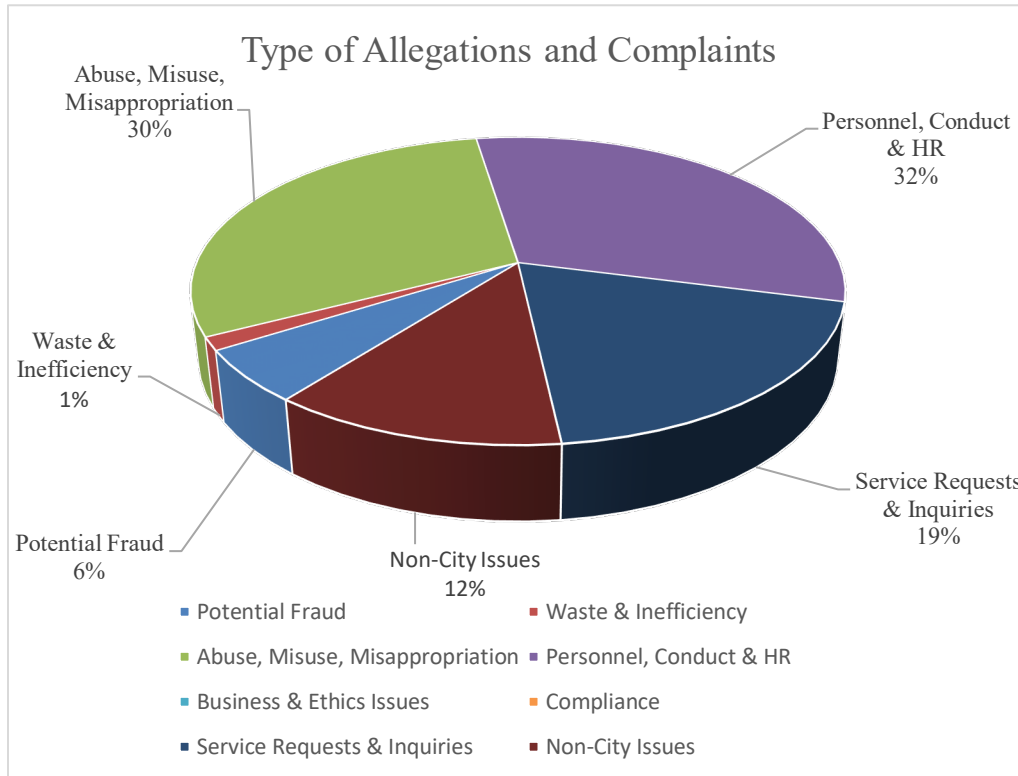
Table 1 – Method of Contact by Year

Method of Contact	2019		2020	
	Number of Contacts	Percent of Total	Number of Contacts	Percent of Total
Phone	93	69%	49	64%
Email	20	15%	8	11%
Online – Web Page	18	13%	19	25%
Mail – USPS	1	1%	0	0%
In Person	1	1%	0	0%
Fax	1	1%	0	0%
TOTAL	134	100%	76	100%

B. Types of Allegations and Complaints

To ensure reports received by the Hotline are properly recorded, investigated, monitored, and reported, all complaints and allegations are assigned to a complaint category. Chart 1 illustrates the breakdown of reported allegations and complaints received by the Hotline in 2020 by category type. Please see Appendix A for complaint type definitions.

Chart 1



C. Actions Taken

Forty-three complaints (57% of those received in 2020) were actionable. 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.

Table 2, below, provides a breakdown of actions taken by the Hotline in 2020, with comparative data provided for 2019.

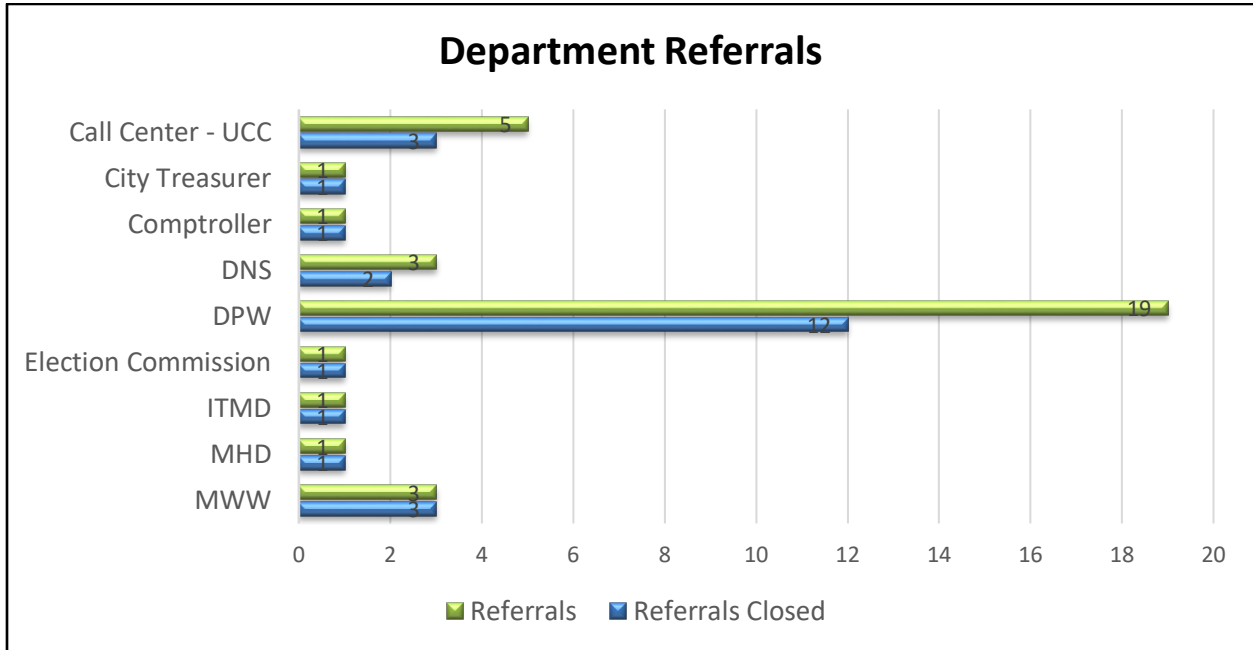
Table 2 – Actions Taken¹

Actions Taken	2019		2020	
	Number of Complaints	Percent of Total	Number of Complaints	Percent of Total
Department Referral	43	88%	33	77%
Investigated & Department Referral	1	2%	2	4%
Internal Audit Investigated	5	10%	8	19%
TOTAL	49	100%	43	100%

¹ See Appendix C for Key Terms and Definitions, including Actions Taken.

Chart 2, below, details which City departments received Hotline referrals in 2020; as well as the number of referrals received and closed.

Chart 2



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.

Table 3 details the number of substantiated versus unsubstantiated reports handled by the Hotline in 2020 compared to 2019.

Table 3 – Substantiated vs. Unsubstantiated

Final Allegation Status	2019		2020	
	Number of Actionable Reports	Percent of Total	Number of Actionable Reports	Percent of Total
Substantiated	14	29%	22	51%
Unsubstantiated	35	71%	11	26%
Open case – pending	0	0%	10	23%
TOTAL	49	100%	43	100%

As of year-end 2020, 10 cases remain open as active investigations due to case complexity, the necessity to work with additional departments, and the timing of their receipt by the Hotline.

Appendix A

Complaint Category Definitions

- **Potential Fraud** This category includes allegations of accounting, misreporting, or financial misconduct by a City employee.
- **Waste and Inefficiency** This category may include reports of unnecessary or extravagant expenditures of funds or wasteful use of City resources.
- **Abuse, Misuse and Misappropriation** This category includes allegations of improper use or misappropriation of City resources, such as procurement or time clock abuse.
- **Personnel, Conduct and Human Resources** This category includes allegations involving employee conduct related to City and departmental policies.
- **Business and Ethics Issues** This category includes reported conflicts of interest, non-competitive procurement practices, or bribery.
- **Compliance** This category encompasses allegations of non-compliance with standard criteria.
- **Service Requests and Inquiries** This category 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. Service requests are forwarded to the City's Unified Call Center (UCC) or contact information for the applicable City agency is provided directly to the requester.
- **Non-City Issues** Many complaints in this category involve a fraud allegation that requires referral to a different level of government or to an external agency, such as the State of Wisconsin.

Appendix B

Activities Reviewed by Hotline

The following is a list of the type of activities Hotline staff investigates or refers to other City departments for investigation:

Items Investigated by Hotline Staff or Referred to Another City Department	
Activity	Example
Illegal acts	Theft, fraud, kickbacks, price fixing or conflict of interest by City employees and contractors
Misuse or abuse of City property	City buildings, vehicles or equipment (tools, supplies)
Misuse or abuse of City resources	Excessive overtime, time card issues, wasteful practices
Gross misconduct	Reckless disregard for the safety of others, falsification of documents or other forms of misrepresentation
Employee misconduct	Unsafe driving, altercations with the public, errands on work time, extended breaks
Other improper activities by or against the City of Milwaukee	Vary in nature (work quality, repair issues, excessive number of personnel on a job)

The following items are not investigated by Hotline staff and alternative resources to report the following types of complaints are provided to the complainant:

Items Not Investigated by Hotline Staff – Alternative Resources Provided	
Activity	Entity or Organization Involved
Non-City Issues: misuse, abuse, improper or Illegal activities	<ul style="list-style-type: none"> • Federal • State • County • Private parties
Non-fraud, waste, and abuse complaints	<ul style="list-style-type: none"> • Vary in nature (City of Milwaukee-Unified Call Center, public support and social services, informational agencies, etc.)

Appendix C

Key Terms and Definitions

Abuse, Misuse, Misappropriation

The intentional misuse of government resources by a government employee. For example:

- Using City property for personal use
- The failure to complete a leave-slip when absent from work

Business and Ethics

This category may include kickbacks; non-competitive procurement; bid rigging; ethics issues, and vendor or customer misconduct. For example:

- Falsification of contracts/documents

Compliance

Non-compliance entails violations of City ordinances or policies; State statutes; or Federal regulations. For example:

- Public Records; FMLA; HIPPA; etc.

Criminal Referral to Law Enforcement Agencies

The severity of reported allegations about illegal activity prompts immediate referral to the Milwaukee Police Department or to the applicable Federal, State, or municipal law enforcement agency.

Department Referral

Reports alleging viable facts from the outset, with sufficient information for investigation, are referred directly to the applicable City department for investigation and resolution. The outcome of the department's investigation and any remedial action (if applicable) is shared with the Hotline prior to case closure. For example:

- City time abuse by an employee
- Employee conduct
- Excessive number of employees on a job site

Fraud

A wrongful or criminal scheme; a type of illegal act intended to result in financial or personal gain or the acquisition of something of value through willful misrepresentation. For example:

- Falsifying financial records to cover up the theft of money

Hotline

A resource used to report fraud, allegations of wrongdoing, or complaints managed internally by the Internal Audit Division.

Internal Audit Performed

An independent investigation by Internal Audit into a reported Hotline complaint resulting in the initiation of a formal audit by Internal Audit with subsequent reporting to the Finance and Personnel Committee.

Investigated, and Department Referral

A report alleges facts that were investigated and confirmed as viable by Internal Audit before a department referral was made. For example:

- An allegation about an individual whose status as a City employee must be confirmed prior to referral

Investigated, No Further Action

A report alleges facts that were investigated and determined to be nonviable by Internal Audit. The case is then closed. For example:

- An allegation about suspicious behavior that is determined to have a valid City business purpose

No Action

Information required for report follow-up is inadequate, incomplete, or incorrect and complainant contact information was not provided. The case is closed.

Non-City Referral

Complaints about programs that do not pertain to City government are forwarded to the appropriate agency. For example:

- Allegations of Food-Share abuse are referred to the State Department of Health Services
- Allegations of daycare fraud are referred to the Department of Children and Families

Personnel, Conduct, and Human Resources

This category includes allegations involving employee conduct as it relates to standard City and departmental policies and practices. For example:

- Harassment, retaliation, compensation, unsafe driving; reckless disregard for safety of others, altercations with the public, etc.

Service Request – Referral

Routine service requests are referred to the City's Unified Call Center for remediation. For example:

- Sanitation pick-up
- Street light outage

Waste

Mismanagement, inappropriate actions, and/or inadequate safeguarding of resources.

For example:

- Unnecessary or extravagant expenditures of funds to purchase items with no relevant organizational purpose; or inefficient practices

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February 17, 2021

Honorable Tom Barrett, Mayor
The Members of the Common Council
City of Milwaukee
Milwaukee, WI 53202

Dear Mayor and Council Members:

With this letter, the Office of the City Comptroller acknowledges receipt of the preceding report, which summarizes the activities of the City's Fraud, Waste, and Abuse Hotline (Hotline) for the year ending December 31, 2020. I have read the report and support the activities detailed within.

The City Comptroller was not involved in any portion of the work conducted in connection with the 2020 Hotline functions. At all times, the Internal Audit Division worked autonomously in order to carry out Hotline activities.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aycha Sawa'.

Aycha Sawa, CPA, CIA
Comptroller