



**Fraud, Waste and Abuse
Hotline Report
for the Year Ended
December 31, 2021**

Aycha Sawa
City Comptroller

Charles Roedel
Audit Manager

March 2022

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March 8, 2022

Honorable Cavalier Johnson, Mayor
The Members of the Common Council
City of Milwaukee

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, 2021.

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 2021 calendar year, the Hotline received 21 actionable complaints of which five were substantiated. The most common types of complaints received were service requests; 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.

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

Sincerely,

A handwritten signature in cursive script that reads 'Charles Roedel'.

Charles Roedel, CPA, CIA
Audit Manager

CRR

Introduction

This annual report of the City of Milwaukee's Fraud, Waste, and Abuse Hotline is for the Hotline activity occurring from January 1, 2021 through December 31, 2021. 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 receives, tracks, and investigates or refers 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.

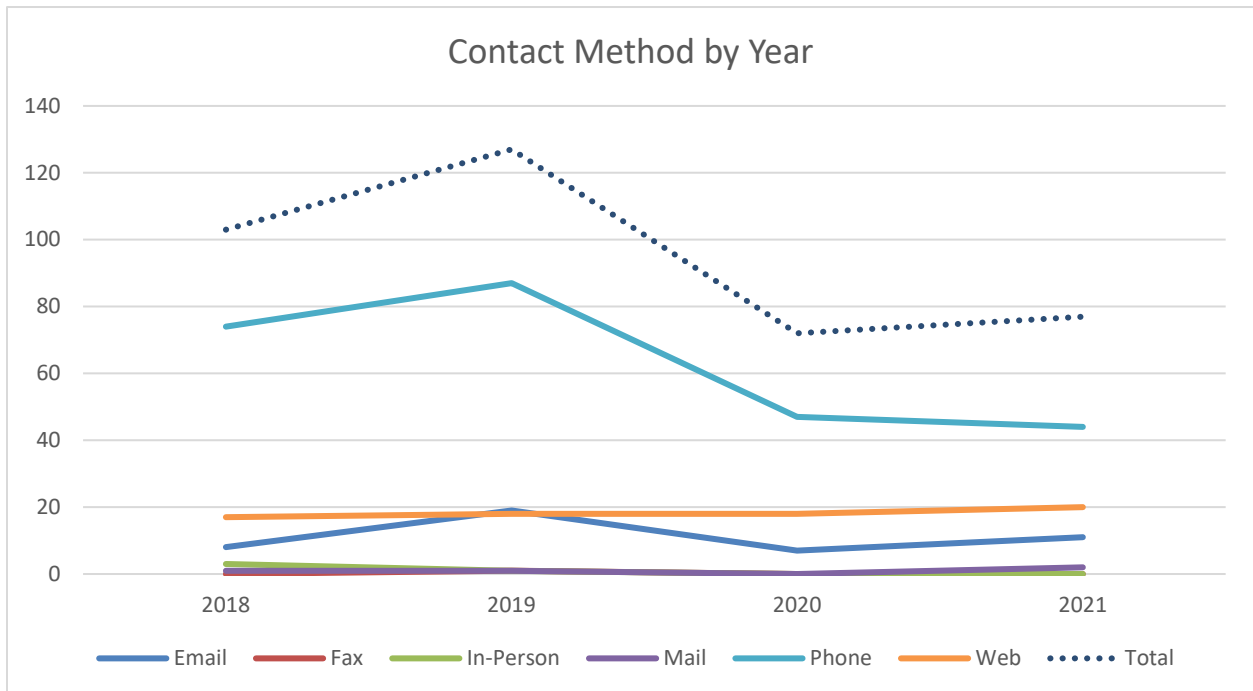
Hotline Activity – 2021

A. Number of Complaints

In 2021, the Hotline received 77 complaints of which 21 complaints were actionable compared to 72 complaints in 2020 of which 32 were actionable. Unique actionable complaints (i.e., the number of complaints after related complaints for the same incident are combined) decreased from 26 in 2020 to 21 in 2021.

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

Chart 1



B. Types of Complaints

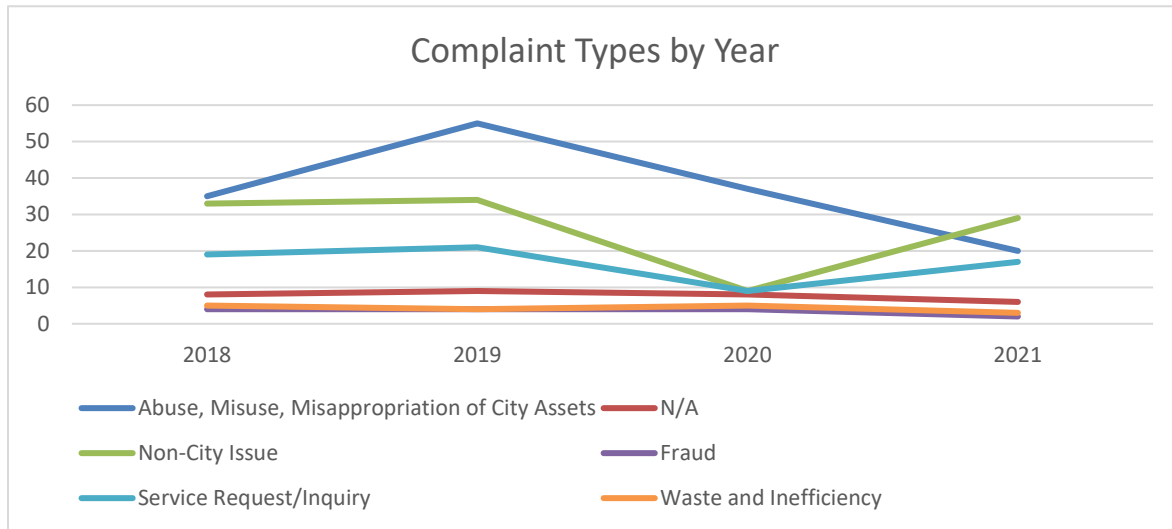
All complaints are assigned to a complaint type to ensure reports received by the Hotline are properly recorded, investigated, monitored, and reported.

Complaint types are defined as follows:

- **Fraud** means any intentional act or omission for personal gain designed to deprive the city of its resources or assets to which the individual or person is not entitled.
- **Waste and Inefficiency** means the careless expenditure of city funds or resources above and beyond the level that is reasonably required to meet the needs of the city, or the consumption or use of city resources that is not authorized.
- **Abuse, Misuse, and Misappropriation** means the improper use of city resources in a manner contrary to law, city policy or work rules, or the improper use of one's position for private gain or advantage for himself or herself or any other person.
- **Service Requests and Inquiries** 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. Complainants are given Call for Action and Click for Action information.
- **Non-City Issues** involve a complaint that requires referral to a different level of government or to an external agency. Examples include Milwaukee Public Schools, Milwaukee County, the State of Wisconsin, and the Federal Trade Commission's Bureau of Consumer Protection.

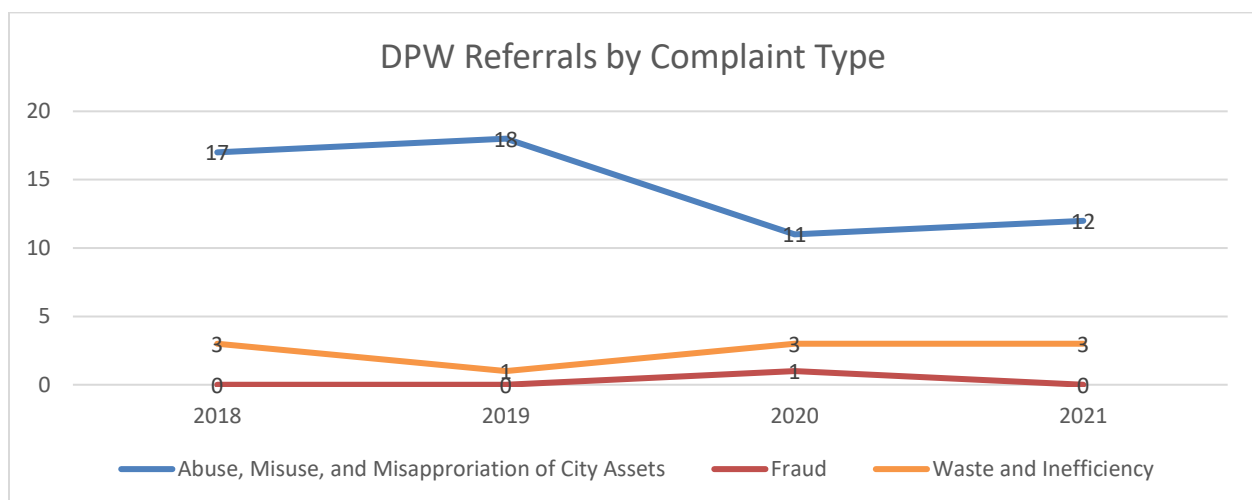
Chart 2 illustrates the breakdown of reported complaints received by the Hotline in 2021 by category type and year from 2018 through 2021.

Chart 2



The most common actionable complaint type is Abuse, Misuse, and Misappropriation of City Assets. Complaints arising from resident interaction with DPW employees in the field is the most significant driver behind this complaint type. However, DPW management's coaching of employees in response to past complaints appears to be reducing the number of occurrences over time. Chart 3 below shows DPW by complaint type from 2018 through 2021.

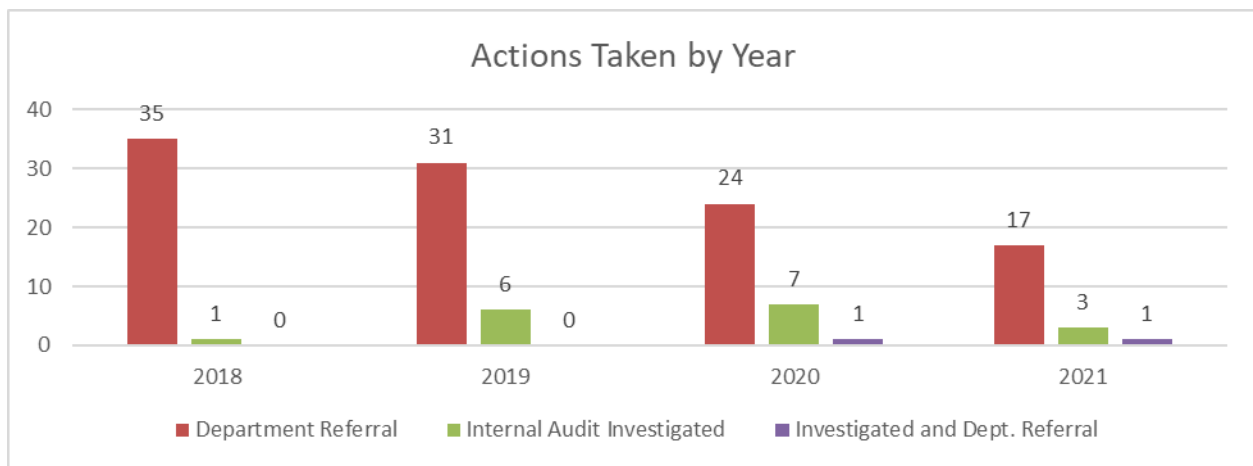
Chart 3



C. Actions Taken

Twenty-one complaints (27% of those received in 2021) were actionable. Internal Audit refers complaints to department management when they are in a position to conduct an objective investigation of the complaint and refers cases to the Department of Employee Relations for the most serious employee conduct allegations and complaints regarding the conduct of departmental leaders. Internal Audit investigates cases when it is best positioned to conduct an investigation. Chart 4 below provides a breakdown of actions taken by the Hotline in 2021, with comparative data provided for 2018 through 2020.

Chart 4



The Fraud Hotline occasionally receives multiple complaints from an individual complainant or multiple complainants regarding the same incident. Chart 5 below shows actions by year based on unique complaints by counting each incident as one action.

Chart 5

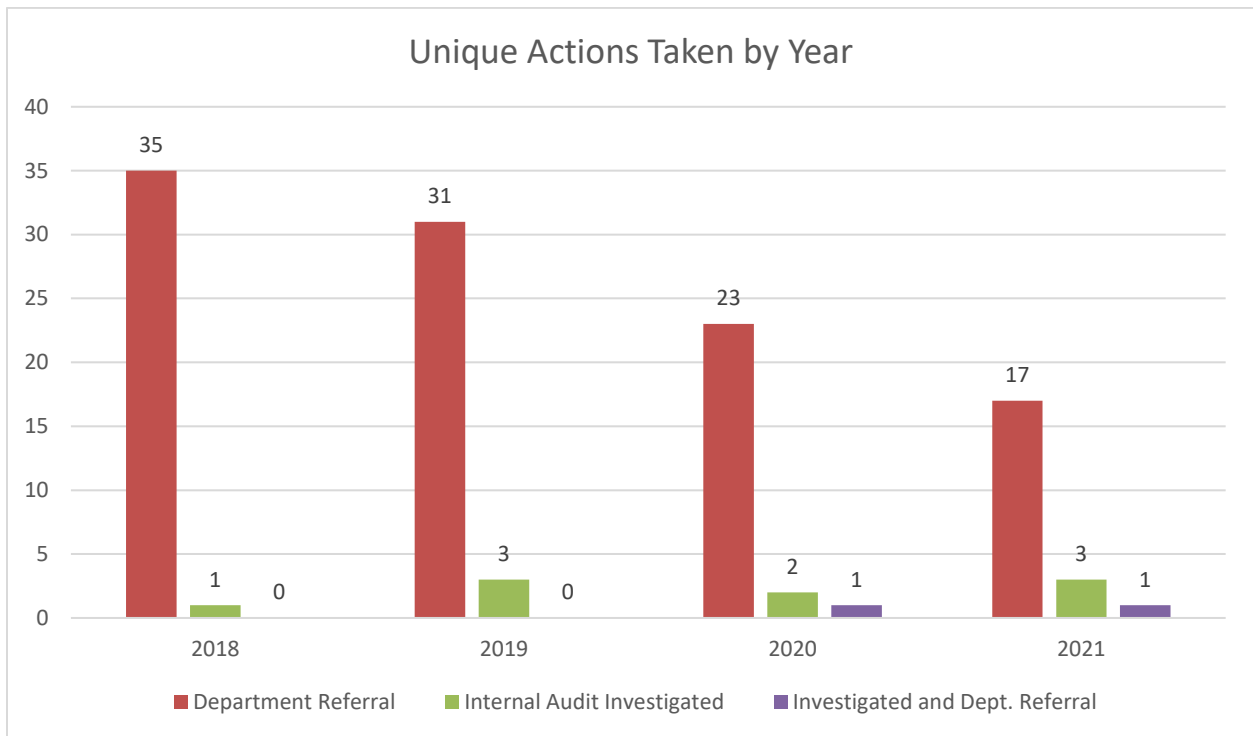
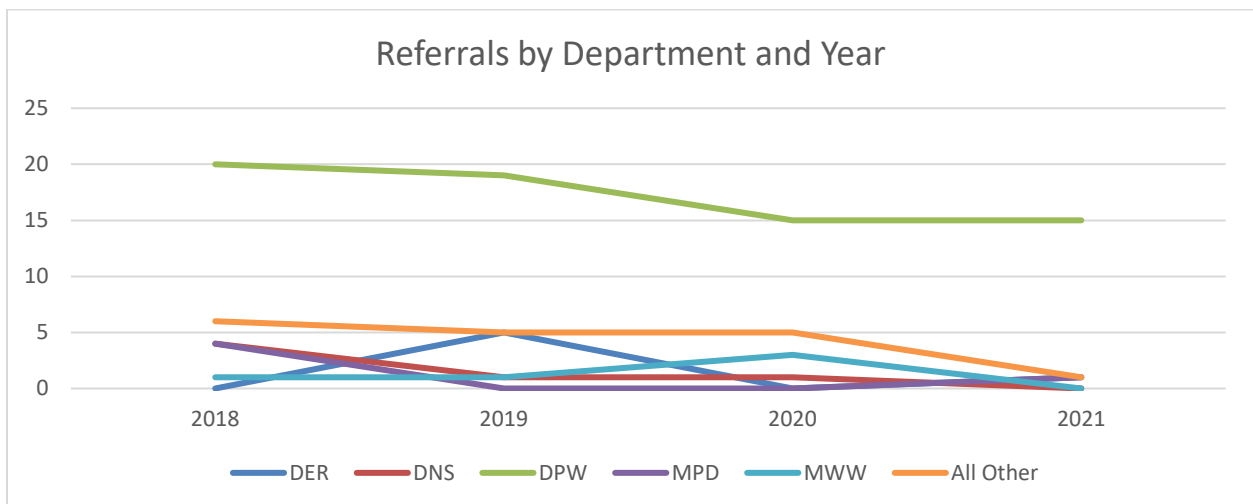


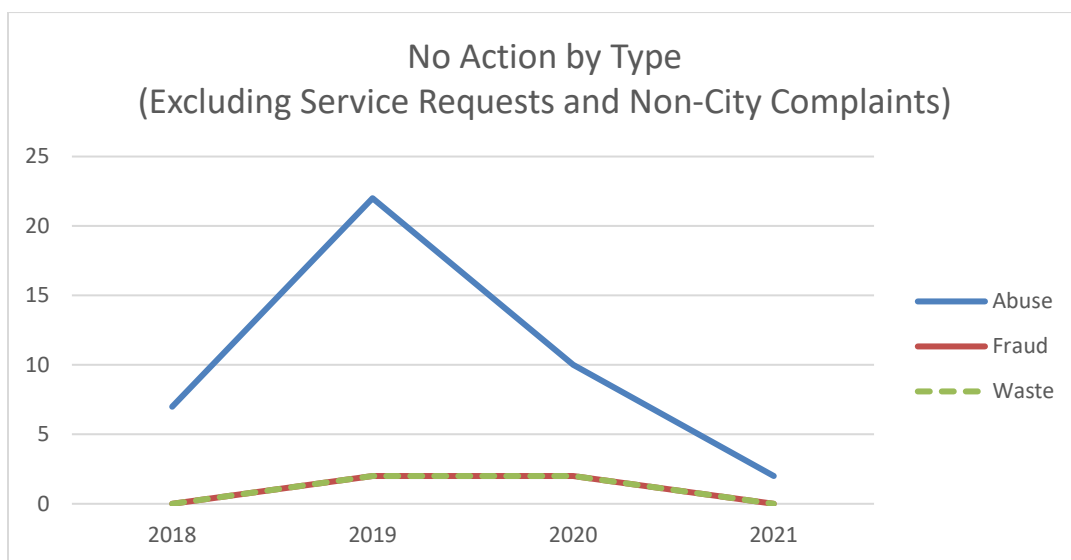
Chart 6, below, details which City departments received Hotline referrals from 2018 through 2021.

Chart 6



Examples of non-actionable reports are service requests, non-City issues, and complaints lacking enough information to investigate. Complainants are referred to Call for Action and Click for Action for service requests and to the appropriate agencies for non-City issues. Fraud Hotline operators attempt to contact the complainant three times for complaints lacking sufficient detail using the contact information left by the complainant. However, complainants often do not provide contact information or cannot be reached after repeated attempts. Chart 7 below shows the number of no action outcomes by complaint type from 2018 through 2021 resulting from insufficient information.

Chart 7



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.

Chart 8 details the number of substantiated complaints by department and year from 2018 through 2021.

Chart 8

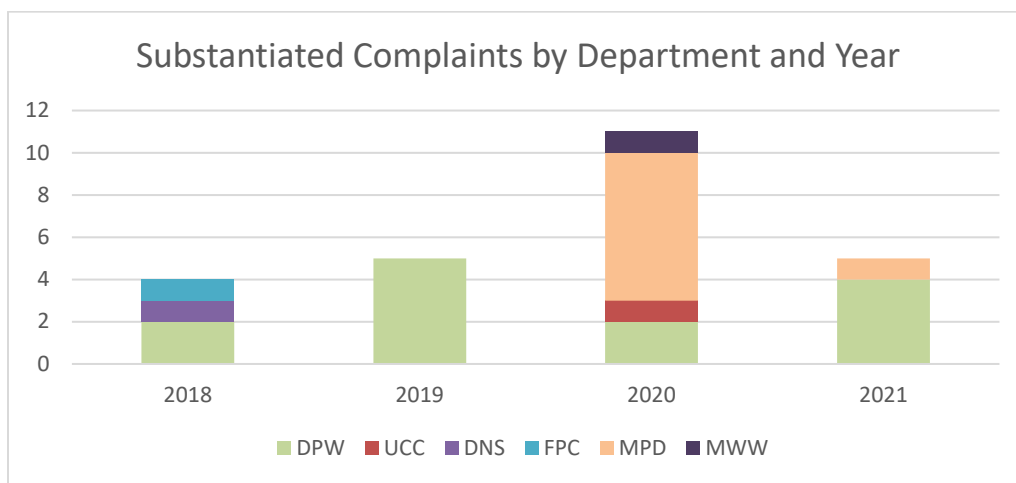


Chart 9 shows substantiated complaints by department and year counting each incident as one substantiated complaint when the Fraud Hotline received multiple complaints regarding the same substantiated incident.

Chart 9

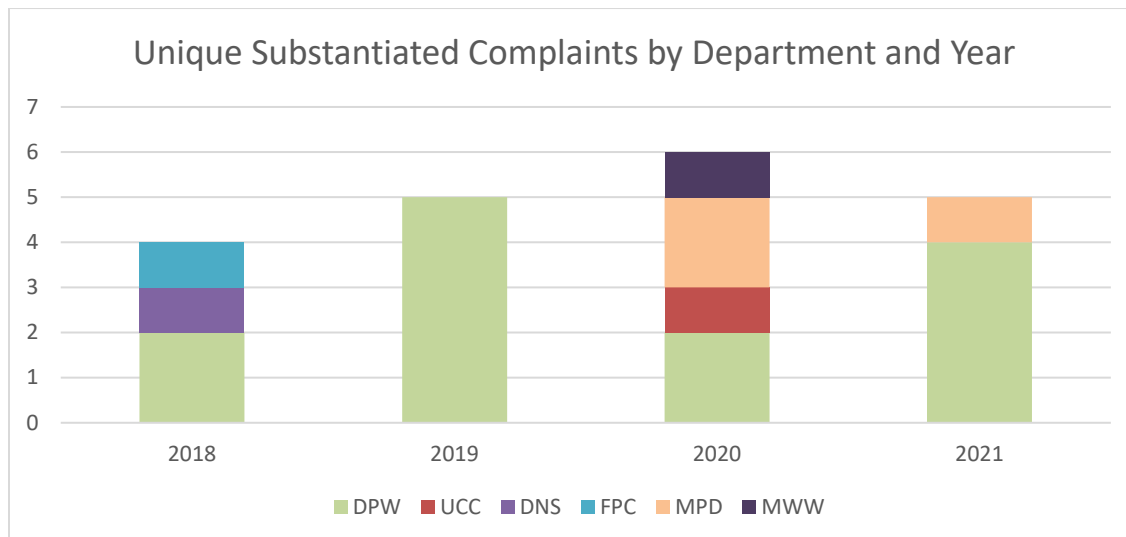
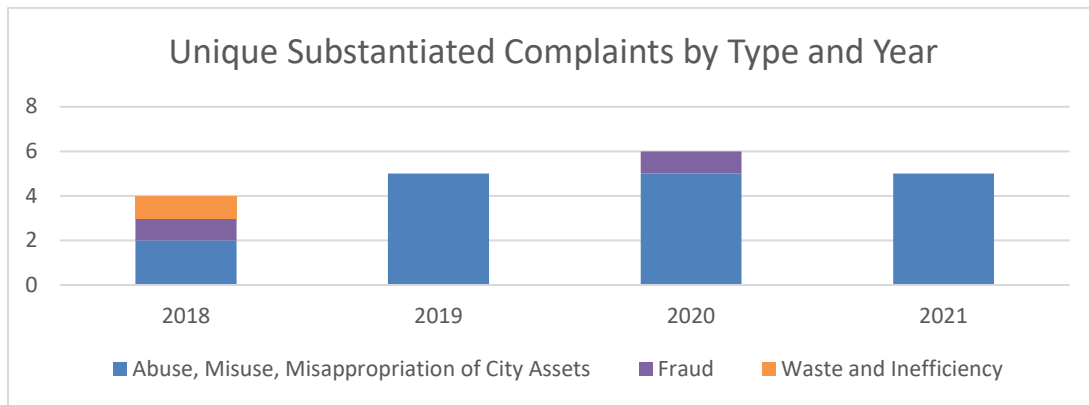


Chart 10 shows unique substantiated complaints by type and year.

Chart 10



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.

As of Fraud Hotline reporting for the year ended December 31, 2021, two cases remain open as active investigations due to case complexity.



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March 8, 2022

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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, 2021. 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 2021 Hotline functions. At all times, the Internal Audit Division worked autonomously in order to carry out Hotline activities.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Aycha Sawa', with a horizontal line extending to the right.

Aycha Sawa, CPA, CIA
Comptroller