



**Report of Audit Finding
Follow-Up for the Year
Ended 12/31/2021**

AYCHA SAWA
City Comptroller

CHARLES ROEDEL
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City of Milwaukee, Wisconsin

April 2022

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Aycha Sawa, CPA, CIA

Comptroller

Joshua Benson

Deputy Comptroller

Toni Biscobing

Special Deputy Comptroller

Richard Bare, CPA

Special Deputy Comptroller

March 30, 2022

Honorable Cavalier Johnson, Mayor
The Members of the Common Council

Dear Mayor and Council Members:

Per City Charter 3-16.5, which defines the Internal Audit Division's periodic reporting requirements, the Internal Audit Division has a responsibility to monitor and follow up on audit findings to ensure audit findings are addressed and to aid in planning future audits. The enclosed report includes a summary of audit activities followed by a detailed account of follow-up procedures and results for the year ending December 31, 2021.

The scope for this year's follow-up activities included all findings issued from January through the October 6, 2021 Finance & Personnel Committee meeting. In preparation for the Report of Audit Finding Follow-Up 2022, audits completed after the October 6, 2021 Finance & Personnel Committee meeting will carry over to the Report of Audit Finding Follow-Up 2023. In addition, findings issued since 2018 have been included in this report with the exception of best practice reviews and an audit with specifically planned follow up procedures in 2022.

Implementation status is determined via updates and information provided by department management, as well as test procedures performed by the Internal Audit Division. Based on management's assertions and the results of the performed validation procedures, 21 audit findings were closed in 2021 with 23 audit findings remaining open. The Internal Audit Division will monitor all open audit findings through resolution.

Appreciation is expressed to City Management for the cooperation extended to the Internal Audit Division and for the information provided and used to prepare this report.

Sincerely,

A handwritten signature in black ink that reads "Charles Roedel".

Charles Roedel, CPA, CIA

Audit Manager

CRR

Overview

This report includes information on the Internal Audit Division’s follow-up activities and management’s accomplishments through the year ended December 31, 2021. The intent of this report is to keep the Finance and Personnel Committee informed regarding the status of audit finding remediation. Provided is a summary of data, recommendations, and status updates for all open findings. City leadership and management have made notable progress to remediate the open audit findings.

I. Follow-up Activity and Results

Finding Status Summary

In 2021, the Internal Audit Division issued a total of five audit reports. However, the Audit of Badge Access (DPW-Controlled), the Audit of Social Media Governance, and the Audit of DPW Operations Safety are not included in this report due to lack of time for management to take corrective action with each audit being presented in the last quarter of 2021. Internal Audit has collected follow-up information for the remediation of findings in two reports which resulted in 16 findings for 2021.

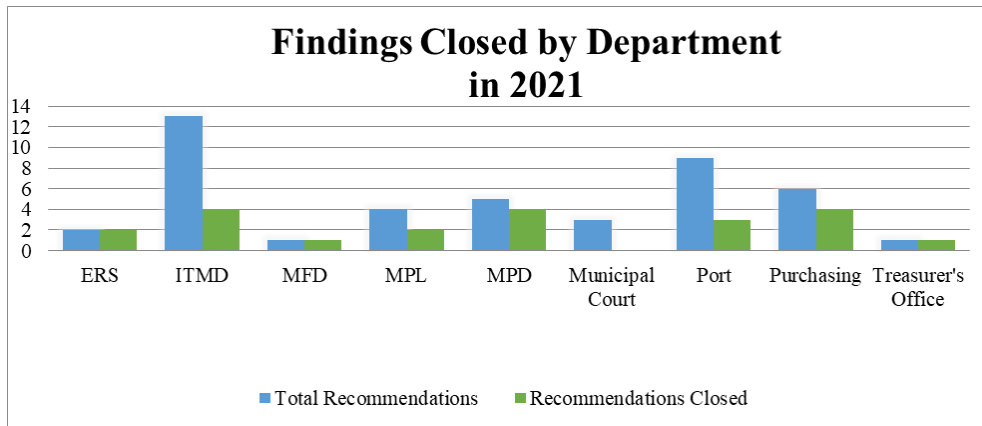
As Table 1 indicates, there were 28 additional open findings from audit reports issued prior to 2021, resulting in 44 total open findings targeted for follow-up monitoring activities in 2021. Based on management’s assertions and the Internal Audit Division validation procedures, 21 of the 44 total open findings were closed as of December 31, 2021.

Table 1 – Summary of Audit Finding Status at December 31, 2021

Audit Year	Finding Disposition			
	Total	Closed	Open as of 12/31/21	Percentage Closed
2018	4	0	4	0%
2019	12	9	3	75%
2020	12	6	6	50%
2021	16	6	10	38%
Total	44	21	23	48%

Additionally, the number of closed findings, by department, is presented in Chart 1 below.

Chart 1



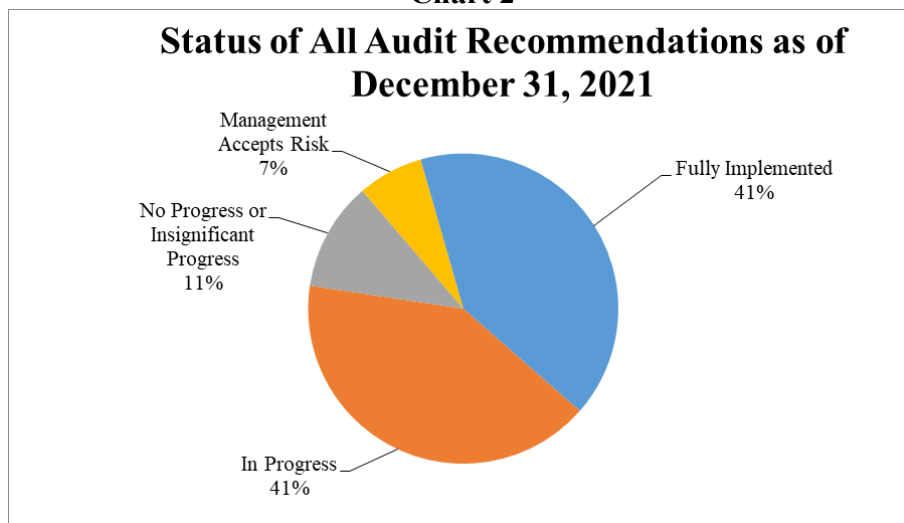
Implementation Status

The remediation status of all audit findings is monitored and periodically updated throughout their lifecycle. The finding remediation is classified as follows:

1. No Progress or Insignificant Progress
2. In Progress
3. Fully Implemented
4. Management Accepts Risk

The remediation status for the 44 total findings is illustrated in Chart 2.

Chart 2



Summary of Results

Of the 23 open findings as of December 31, 2021, the remediation of 19 are past management's initial target completion date. Though management has worked expeditiously to remediate findings in 2021, many remain open due to the following:

- Impact of COVID-19;
- Key positions are vacant (staff and management turnover); and
- The time requirements for an implementation can be significant due to its complexity (system upgrades, cross training, etc.).

Internal Audit expresses appreciation for the efforts demonstrated by department management in 2021, which resulted in many open findings progressing towards remediation.

Baker Tilly's External Audit Results and Follow-up

In 2020, Baker Tilly conducted audits of the financial statements for the City of Milwaukee, Wisconsin. The audits were completed in accordance with the auditing standards generally accepted in the United States of America. The audits resulted in one finding for the Treasurer's Office. The Internal Audit Division followed-up on the finding and the finding has been remediated.

II. Audit Follow-up Standards and Procedures

Reporting Requirements

The Internal Audit Division conducts performance audits and renders audit recommendations to improve the design and operational effectiveness of internal controls over City activities. The Internal Audit Division recommends actions to correct deficiencies and other findings identified during the audit, as well as to improve programs and operations when the potential for improvement in programs, operations, and performance is substantiated by the audit procedures and conclusions. In accordance with Charter Ordinance 3-16.5, the Internal Audit Division is required to submit an annual report of the success or failure of previously audited departments in implementing the recommendations of their audits.

Generally Accepted Government Auditing Standards

Generally Accepted Government Auditing Standards as promulgated by the Government Accountability Office (GAO)¹ – Comptroller General of the United States, commonly referred to as the *Yellow Book*, provides a framework for conducting high quality audits with competence, integrity, objectivity, and independence. The *Yellow Book* establishes follow-up as an integral part of the Internal Audit Division’s due professional care, as follows:

- Management of the audited entity is primarily responsible for directing action on and implementing recommendations;
- Government auditors should have a process that enables them to track the status of management’s actions on significant or material findings and recommendations from their prior audits; and
- Due professional care also includes follow-up on known findings and recommendations from previous audits that could have an effect on the current audit objectives, in order to determine whether prompt and appropriate corrective actions have been taken.

The Internal Audit Division believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on the follow-up review objectives.

Risk Assessment

Risk can be viewed as anything that prevents the organization from achieving its objectives, and that generally may be mitigated through internal controls. The risk exposure created by open audit findings remains until corrective action has been taken.

The Internal Audit Division identified the various types and levels of risk associated with the remaining 23 open findings, and assigned each a risk rating of High, Medium or Low. The rating is based on the impact and likelihood of occurrence the risk posed via the identified finding. See the Appendix for recommendation, finding detail, and risk rating.

¹ GAO, Government Auditing Standards, GAO-12-331G (Washington, D.C.: December 2011).

Appendix
Open Audit Finding Categories and Risks
(As of December 31, 2021)

Year	Department	Audit Title	Finding Category	Risk Rating
2018	ITMD	Audit of ITMD Data Center Controls	Confidential	High
2018	Municipal Court	Audit of Municipal Court Data Center Controls	Confidential	Medium
2018	Municipal Court	Audit of Municipal Court Data Center Controls	Confidential	Medium
2018	Municipal Court	Audit of Municipal Court Data Center Controls	Confidential	Medium
2019	MPD IT	Audit of the Milwaukee Fire Department Data Center Controls	Confidential	High
2019	Purchasing Division	Audit of the City of Milwaukee's Procard Program	Policy and Procedure	High
2019	Purchasing Division	Audit of the City of Milwaukee's Procard Program	Trained Personnel	Low
2020	Port Milwaukee	Audit of Port Milwaukee Capital Assets	Policy and Procedure	Low
2020	Port Milwaukee	Audit of Port Milwaukee Capital Assets	Access Monitoring	Low
2020	Port Milwaukee	Audit of Port Milwaukee Capital Assets	Periodic Review	Low
2020	Port Milwaukee	Audit of Port Milwaukee Capital Assets	Periodic Review	Low
2020	Port Milwaukee	Audit of Port Milwaukee Capital Assets	Policy and Procedure	Medium
2020	Port Milwaukee	Audit of Port Milwaukee Capital Assets	Policy and Procedure	Medium
2021	Milwaukee Public Library	Audit of Data Center Controls Audit - Library	Confidential	High
2021	Milwaukee Public Library	Audit of Data Center Controls Audit - Library	Confidential	Medium
2021	ITMD	Audit of ITMD Disaster Recovery	Confidential	High
2021	ITMD	Audit of ITMD Disaster Recovery	Confidential	High
2021	ITMD	Audit of ITMD Disaster Recovery	Confidential	Medium
2021	ITMD	Audit of ITMD Disaster Recovery	Confidential	Medium
2021	ITMD	Audit of ITMD Disaster Recovery	Confidential	Medium
2021	ITMD	Audit of ITMD Disaster Recovery	Confidential	Low
2021	ITMD	Audit of ITMD Disaster Recovery	Confidential	Low
2021	ITMD	Audit of ITMD Disaster Recovery	Confidential	Low



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March 30, 2022

Honorable Cavalier Johnson, Mayor
The Members of the Common Council

Dear Mayor and Council Members:

With this letter, the Office of the City Comptroller acknowledges receipt of the preceding report, which summarizes the annual audit recommendation follow-up activities for the year ending December 31, 2021. I have read the report and support the activities detailed within.

As the City Comptroller, I was not involved in any portion of the work conducted in connection with the Report of Audit Finding Follow-Up for the Year Ended 12/31/2021. At all times, the Internal Audit Division worked autonomously in order to carry out follow-up activities.

Sincerely,

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

Aycha Sawa, CPA, CIA
Comptroller