Report of Audit Activities
2016

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City of Milwaukee, Wisconsin

February 2016

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February 16, 2016

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

Dear Mayor and Council Members:

In keeping with professional auditing standards and Internal Audit's reporting requirements under Charter Ordinance 3-16.5, which defines the periodic follow-up and reporting requirements for audit recommendations, Internal Audit has a responsibility to monitor and follow up on audit recommendations to ensure audit findings are being addressed and to aid us in planning future audits. For your reference, this report includes an Executive Summary to provide an overview of audit activities, followed by a detailed account of follow-up procedures and audit plan status.

The scope for this year's follow-up activity included: 1) all recommendations issued in 2015 for which sufficient time had lapsed to implement corrective action, and 2) all recommendations issued in 2011 through 2014 that remained open after prior years' follow-up procedures. Implementation status is determined through updates provided by department management, as well as test procedures performed by Internal Audit.

Based on management's assertions and Internal Audit's validation procedures, 22 of the open audit findings were closed in 2015. Thirty-eight remain open as of December 31, 2015, largely due to timing or the complexity of implementation. Internal Audit will continue to monitor all open audit findings until they are fully resolved.

We would like to thank everyone that provided information used to prepare this report.

Sincerely,

Greg Lotze

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Interim Audit Manager

GL:rmk

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MILWAUKEE

I. Executive Summary

Overview

In 2015, Internal Audit issued 7 reports with a total of 27 recommendations. With the inclusion of audit findings remaining open from audits issued in 2011 through 2014, 60 total recommendations were subject to follow-up procedures. Based on management's assertions and Internal Audit's validation procedures, 22 of the open audit findings were closed. Thirty-eight remain open as of December 31, 2015, largely due to timing or complexity of implementation. Internal Audit will continue to monitor all open audit findings until they are fully resolved. A summary of audits completed in 2011 through 2015, the number of audit recommendations generated, and the remaining number of open items are presented in Appendix B.

Summary of Audit Recommendations Status
December 31, 2015

Audit Date	Total	Closed	Open
2011 *	0	0	0
2012	2	0	2
2013	4	1	3
2014	27	11	16
2015	27	10	17
	60	22	38

*Note 1 – All audit recommendations originating in 2011 and before were closed as of January 1, 2015.

Risk

Some common risk themes within the open audit findings include those listed below. The table starting on page 8 has the complete list of open items, the associated risk, and the risk rating.

Potential risks include:

- Inconsistency in the application of policies and procedures,
- Misappropriation,
- Unauthorized access,
- Inefficiency,
- Noncompliance, and
- Inability to recover from a disaster timely and cost effectively.

Implementation Status

The December 31, 2015 status of the 60 audit recommendations is presented in Chart 1 below. Seventy-one percent of the recommendations are fully or substantially implemented.

Chart 1 – Status of the 60 Audit Recommendations

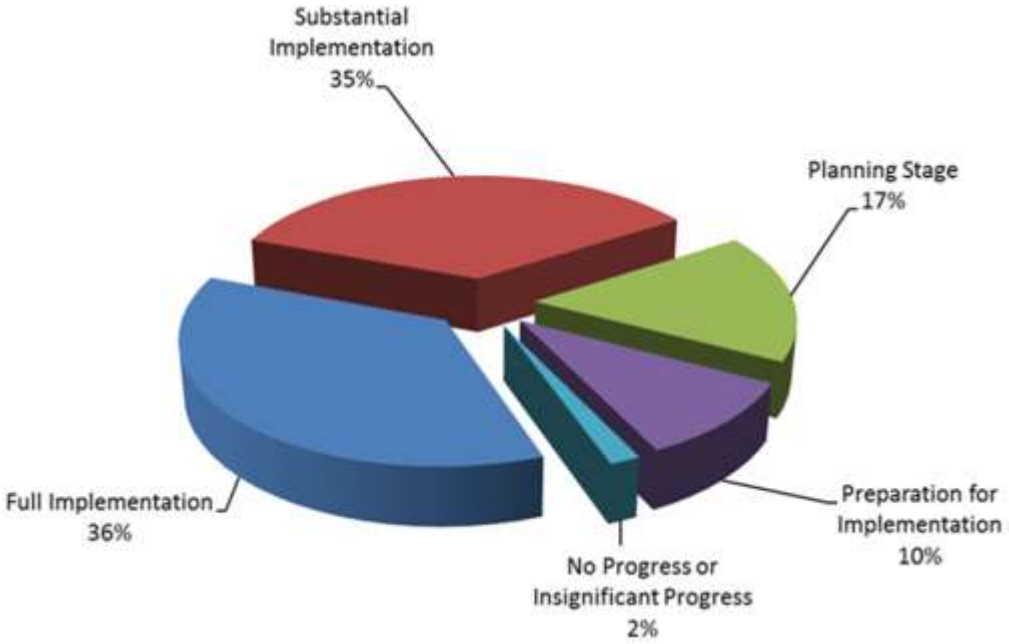
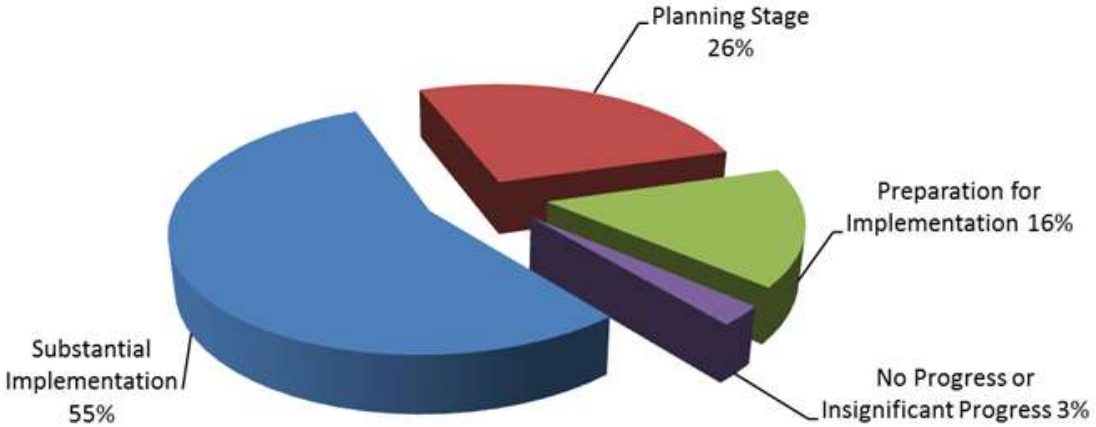


Chart 2 illustrates the implementation status of the 38 open audit recommendations. Fifty-five percent have been substantially implemented.

Chart 2 - Implementation Status of the 38 Open Audit Recommendations



2016 Audit Plan Status

At the time of this report, Internal Audit has issued one report for 2016 and five engagements are currently in-process. Internal Audit is in the process of revising the annual Risk Assessment in order to determine the final 2016 Audit Plan. For details, see Section III 2016 Audit Plan Status (Possible Subjects for Future Audits) on page 14.

In Conclusion

Thirty-eight audit findings remain open, largely due to timing or the complexity of implementation. Twenty-six are past management's original target completion date. See Table 1 starting on page 8 for the complete list of open items, the original target date, and the revised target date if applicable.

We would like to commend the management and staff in the City Development and Administration – Office of Small Business Development, Election Commission, Emergency Management and Homeland Security, Payroll, Office of the City Treasurer, Information Technology Management Division and Public Works Contract Administration for substantially implementing all recommendations within 8 months of the issued audit report. Management commendations are further discussed in Section II on page 13.

II. AUDIT FOLLOW-UP

In accordance with the Internal Audit Charter of the City of Milwaukee, Internal Audit conducts performance audits and makes audit recommendations to improve the design and operational effectiveness of internal controls over City activities. Internal Audit 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. Recommendations are effective when they are addressed to management that has the authority to act, and when the recommended actions are specific, practical, cost-effective, and measurable.

It is Internal Audit's responsibility to make constructive, control-based recommendations, and to follow-up on those recommendations, so as to assess whether the risk posed by the finding is adequately mitigated. City Management is responsible for resolving the issues by implementing the recommendations generated by Internal Audit in a prompt and effective manner. To determine if a finding was adequately mitigated, Internal Audit answers the following two questions:

1. What improvements were made as a result of the audit work?
2. Did those improvements achieve the desired results?

Effective follow-up procedures make it possible for Internal Audit to determine those answers and appropriately report the results.

Reporting Requirements and Criteria

The Government Accountability Office's - Government Auditing Standards (commonly referred to as the Yellow Book) include standards to guide auditors so that others can rely on their work as fair, objective, reliable, and useful assessments of government performance.[1] The Yellow Book establishes follow-up as an integral part of Internal Audit's due professional care, as follows:

- Management of the audited entity is primarily responsible for directing action on 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.
- Due professional care also includes follow-up on known findings and recommendations from previous audits that could

[1] General Accounting Office (GAO) *How to Get Action On Audit Recommendations, GAO/OP – 9.2.1 July 1991, Page 6.*

> have an effect on the current audit objectives, in order to determine whether prompt and appropriate corrective actions have been taken.

In addition to follow-up requirements under the Yellow Book, Internal Audit complies with Charter Ordinance 3-16.5 relating to internal audits. The ordinance requires Internal Audit to submit an annual report of the success or failure of previously-audited departments in implementing the recommendations of their audits; and to submit semi-annual reports of audit activities, including on-going audits, pending audits, and possible subjects for future audits. For reference, a copy of Charter Ordinance 3-16.5 is attached to this report as Appendix A.

Scope and Objectives

Through follow-up procedures, it can be determined whether Management has taken prompt and appropriate action to correct issues identified by Internal Audit. The scope for this year's follow-up activity included: 1) all recommendations issued in 2015 for which sufficient time had lapsed to implement corrective action, and 2) all recommendations issued in 2011 through 2014 that remained open after prior years' follow-up activity. Internal Audit started 2015 with 33 open audit recommendations and added 27 during the year, for a grand total of 60 open audit recommendations subject to follow-up.

Methodology

Internal Audit verifies prompt and appropriate corrective action was taken on recommendations made in the original audit report by utilizing an objective and standardized methodology. To determine progress, the follow-up methodology monitors the status of action steps on all recommendations from the time they are created until they have been implemented by management. Status monitoring and follow-up activity involve the following:

1. Identifying and evaluating the amount of progress being made with regard to implementing the recommendations;
2. Working with management to obtain resolution when progress is not adequate; and
3. Compiling and reporting the results.

Upon completion of each audit, the recommendations generated are recorded and tracked. Internal Audit then requests status reports at periodic intervals. Management usually resolves audit findings within eight months from report issuance. The extent of follow-up procedures is based on the risk rating and materiality of the audit finding. To close an item, Internal Audit obtains and reviews sufficient evidence to verify and document corrective action taken.

Internal Audit classifies and reports the implementation status of each recommendation using the Action Plan Maturity Model (APMM) scale developed by Sunera.[2] The status rating classification for each open recommendation is included in Table 1 starting on the next page in the "Status" column.

1. No Progress or Insignificant Progress
2. Planning Stage
3. Preparation for Implementation
4. Substantial Implementation
5. Full Implementation
6. No Longer Applicable
7. Management Accepts the Risk of Not Taking Action

Risks

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

Risk themes within the open audit findings include:

- Inconsistency in the application of policies and procedures,
- Misappropriation,
- Unauthorized access,
- Inefficiency,
- Noncompliance, and
- Inability to recover from a disaster timely and cost effectively.

Internal Audit identified the various types and levels of risk associated with the remaining 38 open items, and assigned a risk rating of High, Medium, or Low. The rating is based on the impact and likelihood of the risk posed by the exception noted underlying the finding. The risk classifications and levels are presented in Table 1, on the next page. This is not a comprehensive list of the City's risk exposure. It is included here to demonstrate the risks presented by the open audit findings.

[2]Goldberg, Danny. "Unit VI: Audit Follow-up. *Internal Audit Best Practices and Fundamental Principles [Seminar]. Pewaukee, WI. 16 February 2011.*

Table 1

Risk Summary and Status of Open Recommendations as of December 31, 2015
Ranked From High to Low Risk

#	Finding Summary	Audit Title	Audit Date	Risk	Risk Theme	Original Target Date	Revised Target Date	Status
1	RPP Data Accuracy and Reliability	DPW Contract Administration	Nov 2014	High	Inefficiency	Jan 2015	Apr 2016	4 – Substantial Implementation
2	Policy and Procedures	External IS Network Security	Jan 2012	Med.	Inconsistency in the application of policy and procedures	Jan 2013	Sep 2016	4 – Substantial Implementation
3	Policy and Procedures	Internal Network Security	April 2012	Med.	Inconsistency in the application of policy and procedures	Mar 2013	Sep 2016	4 – Substantial Implementation
4	Policy and Procedures	Tuition Reimbursement Program	Sep 2013	Med.	Inconsistency in the application of policy and procedures	Sep 2013	Feb 2016	4 – Substantial Implementation
5	Policy and Procedures	System Backup and Recovery Controls – Municipal Court	July 2014	Med.	Inconsistency in the application of policy and procedures	Sep 2014	Dec 2016	2 – Planning Stage
6	Policy and Procedures	System Backup and Recovery Controls – Assessor Office	July 2014	Med.	Inconsistency in the application of policy and procedures	Jan 2015	April 2016	2 – Planning Stage
7	Disaster Recovery	System Backup and Recovery Controls – Municipal Court	July 2014	Med.	Disaster recovery is slow and costly	July 2015	Dec 2016	2 – Planning Stage
8	Disaster Recovery	System Backup and Recovery Controls – Water Department	July 2014	Med.	Disaster recovery is slow and costly	July 2015	Dec 2016	4 – Substantial Implementation
9	Disaster Recovery	System Backup and Recovery Controls - Police	July 2014	Med.	Disaster recovery is slow and costly	May 2015	Dec 2016	4 – Substantial Implementation

#	Finding Summary	Audit Title	Audit Date	Risk	Risk Theme	Original Target Date	Revised Target Date	Status
10	Unethical Hacking	System Vulnerabilities of City Datacenters – Police Department	Sep 2014	Med.	Unauthorized access	Dec 2014	Sep 2016	4 – Substantial Implementation
11	Unethical Hacking	System Vulnerabilities of City Datacenters – Municipal Court	Sep 2014	Med.	Unauthorized access	Dec 2014	June 2016	4 – Substantial Implementation
12	Payment Compliance Monitoring and Enforcement	DPW Contract Administration	Nov 2014	Med.	Inconsistency in contract administration	Jan 2015	Apr 2016	4 – Substantial Implementation
13	Compliance Monitoring	DPW Contract Administration	Nov 2014	Med.	Noncompliance	Nov 2014	Apr 2016	4 – Substantial Implementation
14	Authorized System Access	DPW Contract Administration	Nov 2014	Med.	Unauthorized access	Sep 2014	Apr 2016	4 – Substantial Implementation
15	Policy and Procedures	ITMD Asset Controls - DOA	Mar 2015	Med.	Inconsistency in the application of policy and procedures	Dec 2015	Sep 2016	3 – Preparation for Implementation
16	Payment Monitoring and Enforcement	In Rem Property Management and Disposition	Aug 2015	Med.	No record of payment	Dec 2015	Apr 2016	1 – Insignificant Progress
17	Informal Internal Controls	In Rem Property Management and Disposition	Aug 2015	Med.	Misuse of funds	Dec 2015	Apr 2016	4 – Substantial Implementation
18	Lease to Own Background Checks	In Rem Property Management and Disposition	Aug 2015	Med.	Program mission deficiency	Aug 2015	Apr 2016	4 – Substantial Implementation

#	Finding Summary	Audit Title	Audit Date	Risk	Risk Theme	Original Target Date	Revised Target Date	Status
19	Trained Personnel	In Rem Property Management and Disposition	Aug 2015	Med.	Inconsistency in the application of policy and procedures	Dec 2015	Apr 2016	2 – Planning Stage
20	Unauthorized Inaccurate Transactions	In Rem Property Management and Disposition	Aug 2015	Med.	Unauthorized Access	Jan 2016	N/A	4 – Substantial Implementation
21	Inaccurate Grant Tracking	Office of Emergency Management and Homeland Security	Sep 2015	Med.	Funds spent do not comply with Grant Agreement	Mar 2016	N/A	2 – Planning Stage
22	Period Review and Reconciliation	Election Commission Administration Process Controls and Compliance	Nov 2015	Med.	Transaction errors	June 2016	N/A	2 – Planning Stage
23	Interfacing Poll Worker Database and HRMS	Election Commission Administration Process Controls and Compliance	Nov 2015	Med.	Payroll errors	June 2016	N/A	2 – Planning Stage
24	Policy and Procedure	Election Commission Administration Process Controls and Compliance	Nov 2015	Med.	Inconsistency in the application of policy and procedures	Mar 2016	N/A	4 – Substantial Implementation
25	Inaccurate Reporting	Resident Participation in Development Agreements	Nov 2015	Med	Erroneous reporting	Jan 2016	N/A	4 – Substantial Implementation
26	Supporting Documents	Department of Employee Relations Tuition Reimbursement	Sep 2013	Low	Inconsistency in the application of policy and procedures	Sep 2013	Apr 2016	4 – Substantial Implementation

#	Finding Summary	Audit Title	Audit Date	Risk	Risk Theme	Original Target Date	Revised Target Date	Status
27	Inefficiency	Milwaukee Public Library Cash Controls	Sep 2013	Low	Inefficiency	Not stated in auditee response	Sep 2016	3 – Preparation for Implementation
28	Monitoring Exceptions	System Backup and Recovery Controls – Police Department	July 2014	Low	Loss of data	Feb 2015	Dec 2016	4 – Substantial Implementation
29	Liability Insurance	DPW Contract Administration	Nov 2014	Low	Increased legal burden	May 2015	Apr 2016	3 – Preparation for Implementation
30	Contractor Insurance Coverage	DPW Contract Administration	Nov 2014	Low	Increased legal burden	Jan 2015	Apr 2016	4 – Substantial Implementation
31	Electronic Bid Bonds	DPW Contract Administration	Nov 2014	Low	Project delays	Jan. 2015	Apr 2016	4 – Substantial Implementation
32	No evidence of second reader at bid openings	DPW Contract Administration	Nov 2014	Low	Perceived lack of fair bidding process	Aug 2014	Apr 2016	4 – Substantial Implementation
33	Notice to Pay or vacate	In Rem Property Management and Disposition	Aug 2015	Low	Complaints of unfair treatment or favoritism	Mar 2016	N/A	2 – Planning Stage
34	Inaccurate Grant Transaction Processing (develop, retain, implement)	Office of Emergency Management and Homeland Security	Sep 2015	Low	Funds spent do not comply with Grant Agreement	Mar 2016 (Health) Feb 2016 (Fire) Feb 2016 (Police)	N/A	3 – Preparation for Implementation
35	Inaccurate Grant Transaction Processing (training)	Office of Emergency Management and Homeland Security	Sep 2015	Low	Funds spent do not comply with Grant Agreement	Mar 2016 (Health) Sep 2016 (Fire) Feb 2016 (Police)	N/A	3 – Preparation for Implementation

#	Finding Summary	Audit Title	Audit Date	Risk	Risk Theme	Original Target Date	Revised Target Date	Status
36	Inaccurate Grant Transaction Processing (monitoring and tracking)	Office of Emergency Management and Homeland Security	Sep 2015	Low	Funds spent do not comply with Grant Agreement	Mar 2016	N/A	2 – Planning Stage
37	Inaccurate Grant Tracking	Office of Emergency Management and Homeland Security	Sep 2015	Low	Funds received lacks accountability	Mar 2016	N/A	2 – Planning Stage
38	Segregation of Duties	Election Commission Administration Process Controls and Compliance	Nov 2015	Low	Lack of Cross Training Personnel	Mar 2016	N/A	3 – Preparation for Implementation

Management Commendations

For the audits listed below, management's outstanding remediation efforts have resulted in the implementation of substantially all recommendations within eight months of the audit report. This demonstrates the departments' commitment to promoting efficient and effective operations.

Department	Audit	Report Date
Public Works	Contract Administration	11/5/2014
Information Technology Management	IT Asset Management Controls - DOA	3/2/2015
Office of the City Treasurer	In Rem Foreclosure Processes	4/10/2015
City Development	Property Management and Disposition	8/15/2015
Payroll	Self-Service Payroll System Access	9/3/2015
Emergency Management	Homeland Security	9/10/2015
Election Commission	Process Controls and Compliance	11/3/2015
Various	Participation in Development Agreements	11/16/2015

III. 2016 Audit Plan Status

Issued

1. Audit of the iNovah Application Controls – Office of the City Treasurer (02/15/16)

In Progress

1. Audit of the 9-1-1 Emergency System Application Controls
2. Audit of the Milwaukee Police Department Overtime
3. Audit of Funds Carry Over Compliance
4. Audit of Department Performance Measurement Controls
5. Audit of the City Hall Complex Security

Pending

1. Audit of City Treasurer's Office Cash Controls – from 2015 Audit Plan

Internal Audit is in the process of identifying the other audits for the 2016 pending audit list - see the next section regarding possible subjects for future audits.

Possible Subjects for Future Audits

Internal Audit is currently updating the City-wide risk assessment. Once the risk assessment is complete, all of the potential areas of the City subject to an audit will be reevaluated and ranked based on overall risk to determine a new audit plan for the next 18 months. The final subjects selected for future audits are based on the updated risk evaluations and stakeholder input. Internal Audit plans to finalize the audit plan and communicate the new strategy to the Common Council by June 30, 2016.

200 E. Wells Street
Milwaukee, Wisconsin 53202

City of Milwaukee

Legislation Details (With Text)

File #:	140242 **Version:** 0		
Type:	Charter Ordinance	**Status:**	Passed
File created:	5/13/2014	**In control:**	FINANCE & PERSONNEL COMMITTEE
On agenda:		**Final action:**	6/3/2014
Effective date:	8/19/2014		
Title:	A charter ordinance relating to internal audits.		
Sponsors:	ALD. KOVAC		
Indexes:			
Attachments:	1. Hearing Notice List, 2. Notice Published 6-19-14		

Date	Ver.	Action By	Action	Result	Tally
5/13/2014	0	COMMON COUNCIL	ASSIGNED TO		
5/22/2014	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
5/22/2014	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
5/29/2014	0	FINANCE & PERSONNEL COMMITTEE	RECOMMENDED FOR PASSAGE	Pass	3:0
6/3/2014	0	COMMON COUNCIL	PASSED	Pass	15:0
6/12/2014	0	MAYOR	SIGNED		
6/19/2014	0	CITY CLERK	PUBLISHED		

140242
ORIGINAL

ALD. KOVAC
A charter ordinance relating to internal audits.
3-16.5 cr
This charter ordinance requires that the auditing division of the office of the city comptroller:

1. Develop an annual audit plan and submit the plan to the finance and personnel committee.

2. Report to the finance and personnel committee, all audits, programmatic reviews, special projects and fraud hotline activity reports prepared by the auditing division.

3. Submit status reports to the common council, indicating audits completed, major findings and corrective actions to be taken.
The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 3-16.5 of the charter is created to read:

3-16.5 Internal Audit. 1. AUDIT PLAN. a. The auditing division of the city comptroller's office shall

develop an annual audit plan and submit the plan to the finance and personnel committee of the common council.
b. The audit plan shall include, at a minimum, each planned audit, including the type of audit and auditable unit, identifying the department, board, commission, service program, function or policy to be audited.
c. The auditing division may change the audit plan and initiate, conduct or expand the scope of the audit or investigation if the auditing division determines that any of the following is true:
c-1. Fraud, abuse or illegality may have occurred or is occurring.
c-2. An audit finding requires expansion of the audit or investigation in progress.
c-3. A risk assessment analysis changes an auditable unit's risk profile.
d. If the annual audit plan reported to the finance and personnel committee is amended, all changes to the annual audit plan shall be reported to the finance and personnel committee in the next status report required under sub. 3-a-2.
2. REVIEWS. The auditing division shall conduct an assessment of any audit or special project request of the mayor, common council, city comptroller, city department, board or commission and report the results of the review in the next status report required under sub. 3-a-2.
3. AUDIT STATUS REPORTS. The following audit status reports shall be submitted to the finance and personnel committee:
a-1. An annual report of the audit activities of the success or failure of previously-audited departments in implementing the recommendations of their audits.
a-2. Semi-annual reports of the audit activities, including on-going audits, pending audits, audit requests, and possible subjects for future audits.
b. The auditing division shall submit an annual report to the common council, indicating the type of complaints and actions taken for all activities reported through the hotline.

Part 2. This is a charter ordinance and shall take effect 60 days after its passage and publication, unless within such 60 days a referendum petition is filed as provided in s. 66.0101(5), Wis. Stats., in which event this ordinance shall not take effect until submitted to a referendum and approved by a majority of the electors voting thereon.

APPROVED AS TO FORM

_____
Legislative Reference Bureau
Date: _____
IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

_____
Office of the City Attorney
Date: _____

LRB145555-2
Teodros W. Medhin:lp
5/13/2014

Appendix B

City of Milwaukee - Internal Audit
Audits Completed 2011 - 2015 and Recommendations Generated
As of December 31, 2015

#	Audit Title	Issued	No. of Findings	Open as of 12/31/2015	Closed
1	City Treasurer Cash Controls	Apr 2011	8	0	100%
2	IS Security Policy	May 2011	5	0	100%
3	Department of Public Works Fleet Services Inventory	Jun 2011	42	0	100%
4	MPD Cash Handling Procedures	Jul 2011	4	0	100%
5	Water Works Cashiering Controls	Aug 2011	6	0	100%
6	Health Department Cashiering Controls	Sep 2011	6	0	100%
7	City Clerk Licensing System	Jan 2012	2	0	100%
8	External IS Network Security (Consultant Assisted)	Jan 2012	2	1	50%
9	Port Milwaukee Billings, Receivables, Assets	Mar 2012	13	0	100%
10	Internal Network Security (Consultant Assisted)	Apr 2012	2	1	50%
11	Milwaukee Fire Department - Services Billings	Apr 2012	9	0	100%
12	Department of Public Works Billings & Rec.	May 2012	9	0	100%
13	Department of Public Works Parking Division	May 2012	2	0	100%
14	City Treasurer Cash Controls	May 2012	3	0	100%
15	Department of Neighborhood Services Billings & Receivable	Jun 2012	11	0	100%
16	Municipal Court Receivables	Jul 2012	8	0	100%
17	Department of Public Works Water & Infrastructure Inventory	Sep 2012	8	0	100%
18	Municipal Court CATS Application Audit	Oct 2012	1	0	100%
19	Workers Compensation - Medical Bill Review (Consultant Assisted)	Oct 2012	3	0	100%
20	Worker Compensation - Claims Management (Consultant Assisted)	Oct 2012	10	0	100%
21	Department of City Development Cash Handling Audit	Nov 2012	10	0	100%
22	DPW Parking Structure Cash Controls	Nov 2012	3	0	100%
23	Department of Public Works - Infrastructure Services Division - Business Improvement Review (Consultant Assisted)	Feb 2013	4	0	100%
24	Department of Administration - Procurement Services - Procard Program	Feb 2013	4	0	100%
25	Review of Public Debt (Consultant Assisted)	May 2013	11	0	100%
26	Review of Payroll	Jun 2013	2	0	100%
27	Datacenter Controls (Consultant Assisted)	Jun 2013	4	0	100%
28	City Treasurer Cash Controls	Jun 2013	3	0	100%
29	Anti-Virus Controls	Jul 2013	3	0	100%
30	Milwaukee Fire Department Fixed Asset Controls	Aug 2013	3	0	100%
31	Milwaukee Public Library Expenditures	Sep 2013	3	0	100%

#	Audit Title	Issued	No. of Findings	Open as of 12/31/2015	Closed
32	Milwaukee Public Library Cash Controls	Sep 2013	8	1	88%
33	Department of Employee Relations Tuition Reimbursement Program	Sep 2013	2	2	0%
34	Department of Public Works Self-Help Center Cash Controls	Oct 2013	4	0	100%
35	Department of Administration Procurement Services Section Contract Processing	Dec 2013	5	0	100%
36	Travel Expenditures and Reimbursements	Feb 2014	5	0	100%
37	Cell Phone Device Management and Utilization Controls	Feb 2014	4	0	100%
38	Prescription Drugs Claims Processed by Express Scripts, Inc. (Consultant Assisted)	Mar 2014	3	0	100%
39	Medical Claims Processed by United Healthcare, Inc. (Consultant Assisted)	Mar 2014	4	0	100%
40	Health Department - Public Health Laboratory - Audit of AIX and SofLab System Controls	Mar 2014	9	0	100%
41	Department of Public Works Parking Structure Cash Controls	Apr 2014	6	0	100%
42	City-wide Payroll Approval Processes	Jul 2014	2	0	100%
43	System Backup and Recovery Controls for the City of Milwaukee Datacenters (covers seven City Datacenters)	Jul 2014	21	6	71%
44	System Vulnerabilities of City Datacenters	Sep 2014	6	2	67%
45	DPW Contract Administration	Nov 2014	9	8	11%
46	Information Technology Asset - Management Controls - DOA - Information and Technology Management Division	Mar 2015	4	1	75%
47	City Treasurer's Office In Rem Foreclosure Processes	Apr 2015	0	0	NA
48	Department of City Development In Rem Property Management and Disposition	Aug 2015	6	6	0%
49	Employee Self-Service Payroll System Access	Sep 2015	0	0	NA
50	Office of Emergency Management and Homeland Security: FEMA Urban Area Security Initiative Grant Management	Sep 2015	5	5	0%
51	Election Commission Administration Process Controls and Compliance	Nov 2015	5	4	20%
52	Resident Participation in Development Agreements	Nov 2015	4	1	75%

Total Number of Audit Recommendations Generated 2011 - 2015 **316**

Total Open Recommendations at December 31, 2015 **38**

Percentage of Recommendations Closed at December 31, 2015 **88%**

Appendix C

City of Milwaukee - Internal Audit
38 Open Audit Recommendations and Department Response
Source is Table 1 of This Report - Ranked By High to Low Risk
As of December 31, 2015

#	Date Issued	Audit Title	Condition	Recommendation Summary	Department Response from Audit Report
1	November 2014	DPW Contract Administration	Resident Participation Program information recorded in the DPW Bid Notices Application is not always accurate, is not updated timely and consistently, and supporting documentation is not always obtained or retained with the affidavits. The audit found instances of incorrect addresses, unsupported residency statements, outdated certification statuses, documents indexed incorrectly (i.e., attached to the wrong worker), incomplete records, and confusing notes.	Improve methods used to collect, record and maintain Resident Participation Program certification data to increase efficiency and accuracy. Assess the procedures used to collect, record and maintain Resident Participation Program certification information for improvement opportunities. Design, document, and apply policies and procedures for collecting, verifying, recording, monitoring, enforcing, and reporting of Resident Participation Program information. Establish a retention schedule for Resident Participation Program application documentation. Compare the age of any physical documentation retained in binders against the retention schedule and purge accordingly. Discontinue the process for USPS and personal verifications performed by the Contracts Office to eliminate redundancy and ensure certification procedures are consistent across all verifying agencies.	The Contracts Office is transitioning from a paper-only filing system to an electronic filing system for all Resident Participation Program certification data. Newly certified Resident Participation Program data is entered into the Bid Notices App (database) and all supporting documentation is scanned within a week of receipt. Hard copies of documents are filed and retained in the Contracts Office. The procedures for collecting, recording, and maintaining Resident Participation Program certification data were written and implemented by Contracts Office staff in June 2014. The Resident Participation Program Procedures document defines verification statuses and includes instructions for verifying residency within the City limits. The procedure manual will include direction as to how complaints of fraud will be investigated. The steps to be taken will include site visits to "address of record." See report for full response.
2	January 2012	External IS Network Security	A City-wide policy regarding patch management for software and hardware does not exists.	ITMD should engage with the CIMC and IS security professionals to write and adopt a City-wide policy regarding patch management for software and hardware.	The 2016 City Budget created a new position in ITMD of IT Security and Audit Compliance Manager. This position is currently being studied for classification by DER and is expected to be listed for hire by early February. The new hire in this position will oversee the development of and compliance with this specific policy.
3	April 2012	Internal Network Security	A City-wide policy regarding patch management for software and hardware does not exists.	ITMD should engage with the CIMC and IS security professionals to write and adopt a City-wide policy regarding patch management for software and hardware.	The 2016 City Budget created a new position in ITMD of IT Security and Audit Compliance Manager. This position is currently being studied for classification by DER and is expected to be listed for hire by early February. The new hire in this position will oversee the development of and compliance with this specific policy.
4	September 2013	Department of Employee Relations Tuition Reimbursement Program	No policies and procedures manual exist for tuition reimbursement practices.	Develop a formal Policies and Procedures Manual.	The Department of Employee Relations staff concurs with the recommendation to create both a Policy and Procedures Manual that will detail the goals and standards of the Tuition Reimbursement Process as well as a Standard Operating Procedure for the processing of requests and reimbursement to employees. This will include roles and responsibilities, decision criteria, and software processing components.
5 - 9	July 2014	System Backup and Recovery Controls for the City Datacenters	Detail not included due to the sensitive nature of the subject.		
10 - 11	September 2014	System Vulnerabilities of City Datacenters	Detail not included due to the sensitive nature of the subject.		

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12	November 2014	DPW Contract Administration	There are no controls in place to ensure that all payments processed for work on construction contracts are routed through the Contract Office for compliance monitoring and enforcement. Payments could be made to contractors that are not in compliance with the monitored provisions of the City ordinances, state statutes, and federal regulations (where applicable).	Tighten controls to ensure consistency within compliance monitoring and enforcement activity. Management should develop, document, and implement a policy that requires all payments made on construction contracts to be routed through the Contracts Office for a compliance review. The policy should be communicated periodically on a consistent basis. Additionally, management should evaluate the possibility of electronic routing of payments for all divisions of DPW to automatically require a compliance check before release. If that is not possible, management should develop and implement a process to detect payments made on contracts that were not first reviewed by the Contracts Office. A threshold amount could be applied to manage the volume and focus the control on larger payments that are inherently higher risk.	The DPW Contract Office will require, as has been the practice, that all payments made on "C" numbered contracts pass thru the Contract Office. This will involve the use of a current system of electronic tracking of sewer and paving contracts and expansion of this system to include all contracts. Until this system is expanding there will be a "report" created to track payments submitted for payment. Prior to any payment being processed Contract Office staff will review these payments for compliance.
13	November 2014	DPW Contract Administration	A review of the contracting documents and compliance forms indicated that these items had not been updated in several years. Specifically, the audit found: □ The General Specifications includes references to sections of the prevailing ordinances that are inaccurate, including a reference to one chapter that was repealed and recreated as far back as 2008; □ The General Official Notice to Contractors, countersigned by a person who retired in 2012, still communicates the requirement for an affidavit of no interest which was repealed in August of 2013; and □ The Contractors Time Report which DPW requires contractors to submit at specified intervals during work on a contract, has contractors certifying conformance with the requirements.	Establish a proactive approach to maintaining accurate Code references within contracting documents and forms. Management should establish the criteria and expectations for maintaining documents and forms used in the procurement and contract administration processes, such as: 1. Developing and implementing policies and procedures to provide guidance and direction for how and when documents and forms related to the bidding process should be updated to reflect changes in the applicable city ordinances and internal processes; 2. Assigning the maintenance responsibility to a team member and cross-training at least one back-up; and 3. Reviewing for accuracy all documents distributed as part of the contracting process and forms required from contractors, and revising as necessary to reflect the current municipal code and department requirements.	The General Specs - have been updated. Contracts Office staff will monitor ordinance changes on a continuous basis. Biannually, all contract related documents will be reviewed and updated as needed. There will be a Lead and a Back Up assigned to this process. The General Official Notice - The Daily Reporter was notified and has been publishing the correct Comptroller signature since 5/2012-time which the office changed over. There was a document on the website that has been updated. The outdated signature, however, does not alter the content or meaning of the General Official Notice. The General Notice statement refers to the BIDDER and there is still an affidavit that the BIDDER submits, titled the Non-Collusion affidavit. The affidavit that was repealed was an affidavit that was in conjunction with the Bid Bond, which pertained to the SURETY having no interest. It is important to note we have been and continue to monitor that the contractor is paying the correct wage rate.
14	November 2014	DPW Contract Administration	There are no policies and procedures for the system security administration of Bid Express. As such, documented periodic user access reviews were not performed resulting in two users (out of 53) having system access on May 6, 2014, but one user's employment had been terminated on October, 11, 2013, and the other user's employment had been terminated on April 18, 2014. One additional user did not have contract origination job responsibilities and therefore Bid Express access was not needed.	Develop and implement procedures for the system administration of Bid Express. Create and maintain policies and procedures for the system security administration of Bid Express. Topics to be addressed and defined in the policies and procedures include: □ Adding, maintaining and deleting user access, including the appropriate approvals and documentation. □ A focus on system access founded on the least-privilege criteria and based on job responsibilities. □ Periodic user access reviews performed by one individual and approved by a second individual, with evidence of the review and approval, such as the signature and date of the resource owner on the user-access list. □ System administrator should be informed of personnel changes on a timely basis and revise users' access accordingly. □ Required documentation and retention periods.	The Contracts Office agrees with the recommendations made regarding the administration of Bid Express. As a result, the Contracts Office drafted and implemented a Bid Express Administration policy on September 2014. The first Bid Express user review was conducted in September 2014. Bid Express user reviews will be conducted in March and September of each year.

#	Date Issued	Audit Title	Condition	Recommendation Summary	Department Response from Audit Report
15	March 2015	ITMD Asset Controls - DOA	There are no written policies governing the ITMD's IT asset-planning activities, requirements, and timelines. The Division does not have any written procedures for the performance of periodic IT asset-management activity.	Document IT asset-management policies and procedures. The ITMD should document IT asset-management policies and procedures that govern and address the six, defined elements of the IT asset-management process, noted below. There are six stages in the lifecycle of an IT asset. The following lists those stages and some of the activities that each stage includes, as they relate to essential policy elements: Planning; Procurement; Deployment; Management; Support; and Asset Retirement. Throughout future budget cycles, a well-developed set of policies and procedures would support and promote departmental consistency and continuity of the IT asset-management process.	The 2016 City Budget created a new position in ITMD of IT Security and Audit Compliance Manager. This position is currently being studied for classification by DER and is expected to be listed for hire by early February. The new hire in this position will oversee the development of and compliance with this specific policy.
16	August 2015	In Rem Property Management and Disposition	Payments for rent received by DCD In Rem Foreclosed Management section are forwarded to DCD Finance & Accounting section, currently the property manager relies on memory. Based on auditing testing results, the property management section does not log rent payments prior to forwarding the check to F&A and a receipt is not to the tenant;	Payments should be collected by the Finance and Administration Division. Having payments sent directly to Finance and Administration would reduce the risk of lost or stolen checks. Additionally, Property Management should start logging any payments received through the mail. A copy of the log and copies of receipts issued in-person should be routed periodically to Finance with the payments. This will provide a record of receipt if the payment is lost or stolen on the way.	This recommendation regards rent payments mailed and delivered in person by tenants who occupy City-owned foreclosed properties. At present, tenants are directed to remit payments to the second floor reception desk at 809 N. Broadway. Payments are hand-carried by staff to accounting staff in the DCD Finance and Administration Division, whose offices are on the 3rd floor of the building. We understand this recommendation is meant to ensure that no rent payments are lost or misplaced prior to delivery to accounting staff for recording and deposit. However, because there is no central reception desk that serves the third floor offices of the Finance and Administration Division, we believe customer service would be seriously compromised if tenants who chose to deliver their payments in person were directed to the third floor. We are reviewing our processes and options regarding strategies to record and physically secure rent payments for the brief period they are held on the second floor by the end of 2015.
17	August 2015	In Rem Property Management and Disposition	Audit procedures included reviewing a sample of delinquent accounts. It is standard policy to serve a tenant with a notice to pay rent or vacate when the tenant has not paid rent for two months. Through testing we noticed that some tenants were not sent the notice until three- months delinquent. Again, this makes the City vulnerable to complaints of unfair treatment if notices to pay or vacate are not issued consistently. Rent payments are collected by the Real Estate Division's Property Management Section. Receipts are issued for payments collected in person, but not for payments that are mailed in. The collected payments are then routed to Finance and Administration (Finance) for processing, but a record of payments received is not kept and sent with the payments to Finance.	Formalize the internal controls for rent revenue and expenditures. The Department of City Development, the Redevelopment Authority, and the Comptroller's Office should work together to formalize the internal controls for rent revenue and related property maintenance expenditures. The internal controls should be communicated to the Common Council for permanent record. Marketing and Sales If a property is not habitable and cannot be repaired, the property is referred to DNS for demolition. If the property is habitable, or not habitable but could be repaired, DNS prepares the scope of work and the property is priced and marketed for sale. Properties are sold at fair market value regardless of the amount of taxes owed. Buyers must go through a licensed broker to make an offer-to-purchase and demonstrate they can make the required repairs before an offer is accepted.	Since 2007, at the recommendation of the Comptroller, rent revenue collected from tenants of tax-foreclosed properties has been deposited in a Redevelopment Authority account. Rent revenues have been separately accounted for and tracked; may be used only to offset property maintenance and management costs, and must be reported to the Comptroller at the end of each fiscal year. Attached to this letter is a memorandum that explains this arrangement in greater detail. We agree with the recommendation to establish a written agreement between the Comptroller and the Redevelopment Authority to memorialize the internal controls that are already in place. We will work with the Comptroller to develop this agreement by the end of 2015.

#	Date Issued	Audit Title	Condition	Recommendation Summary	Department Response from Audit Report
18	August 2015	In Rem Property Management and Disposition	The background check for Lease-to-Own participants is not performed until successful completion of the program. The program can take up to two years to complete.	Perform the background check earlier in the LTO process. Perform the background check for Lease-to-Own participants during the application process before the tenant is accepted into the program.	This recommendation has been implemented. We now do the standard buyer background checks for tenants in the rent-to-own program twice: before accepting the tenant into the program, and prior to accepting the tenant's offer to purchase. Results of both checks are recorded on the Buyer Investigation Form.
19	August 2015	In Rem Property Management and Disposition	The database specialist is responsible for sending out the Notice of Inspection letters. There is no back-up staff for the Database Specialist.	Cross-train a back-up for the Database Specialist. Management should cross-train at least one individual to perform the time sensitive duties of the Database Specialist as they relate to the process of inspecting, marketing, and selling in rem properties.	We expect to develop a cross-training program by the end of 2015.
20	August 2015	In Rem Property Management and Disposition	Two Real Estate Database (REDB) users with system access on 2/12/15, both left city employment in 2013. One REDB user had editing capabilities and only needed read access based on job responsibilities. One REDB user had powerful admin-level access and only needed basic read/write access. Admin-level access allows the user to delete records. One Titan CMS user left employment six months earlier.	Perform and document a periodic system access review. To strengthen controls surrounding access to the real estate database and the Titan Content Management System, management should: 1. Remove the excess access identified above. 2. Develop and implement a periodic access review including the following: a. Access should be reviewed at least annually for appropriate access levels and terminated or transferred employees. b. Documentation evidencing the reviews were completed and any changes made as a result of the reviews should be retained for a minimum of three years.	This recommendation involves two actions: terminating or adjusting database access for several individuals, and instituting a periodic review of database access. The recommended termination or adjustment of database access has been completed by the Information Technology Management Division. By January 1, 2016, we will finalize a process to perform an annual review of database access per the second part of the recommendation.
21	September 2015	Office of Emergency Management and Homeland Security	There are no procedures in place to monitor future awarded funds to ensure they are used as intended.	We recommend that the Director of the City's Office of Emergency Management and Homeland Security develop and implement procedures to ensure that future awarded funds are appropriately monitored and used as intended.	City of Milwaukee officials concurred with the recommendation. If properly implemented, the corrective actions proposed by the City should resolve the condition identified in the audit.

#	Date Issued	Audit Title	Condition	Recommendation Summary	Department Response from Audit Report
22	November 2015	Election Commission Administration Process Controls and Compliance	Election worker data is not thoroughly reconciled or reviewed.	Management should strengthen controls through data reconciliation and subsequent review of data input during several process steps, such as: Reviewing active poll worker information for completeness and accuracy prior to each election. Contacting active poll workers to complete applications or update information on file. Reviewing changes to poll worker data and reconciling with source data. Poll worker payroll data sheets should be reviewed for accuracy and missing employee ID information should be corrected. Developing exception reports to identify missing data and changes to poll worker information.	In order to ensure adequate staffing at polling places on Election Day, the Election Commission will often recruit, train and activate anywhere from 800 to 1,200 election workers within a 90-120 day period of time. At the same time, there can be changes to the data of the City's core group of 2,000 + election workers. This rapid - and unprecedented within the city's payroll systems - infusion of significant data into dual databases (election worker and HRMS) can result in data errors or discrepancies. This process was exacerbated by the 2011 conversion of poll workers from vendor status to employee status. However, the Election Commission is in agreement that periodic reviews and reconciliations of election worker data and documents would be productive. This form of a review will take place in 2017, post the November 2016 General Election.
23	November 2015	Election Commission Administration Process Controls and Compliance	The Poll Worker Database and HRMS do not interface.	Management should work with the Department of Administration Information and Technology Management Division to develop an interface between the Poll Worker Database Application and HRMS. This way, the department could enter a new employee's information or make changes to an existing employee's information once in HRMS, and the data would automatically update through interface in the Poll Worker Database Application.	The process of working jointly with ITMD, the Comptroller's office, and the Election Commission to explore the possibility of a more streamlined interface between the election worker database and HRMS will begin in November 2015, with an expected conclusion by mid-2016.
24	November 2015	Election Commission Administration Process Controls and Compliance	There are no written policies governing the Election Commission's process for candidate operations, the campaign challenge process, and candidate file retention are not formally documented.	Internal policies and procedures should be documented and updated as deemed necessary by the director.	With regard to processes for reviewing candidate's nomination signatures, as well as the possibility of a public challenge to the sufficiency of nomination signatures, the Election Commission relies heavily on the Wisconsin Government Accountability Board (GAB). GAB administrative rule 2.05 (treatment and sufficiency of nomination papers) defines the process of reviewing a candidate's nomination papers, and GAB 2.07 (challenges to nomination signature(s). All Election Commission staff involved in the process of reviewing nomination papers are provided with all related GAB administrative rules as well as internal procedures. With regard to the retention of candidate files, candidate documents, such as the Campaign Registration Statement or the Declaration of Candidacy, do not currently appear on the department's record retention schedule. The Election Commission, with confirmation from the GAB, has applied the campaign finance report record retention schedule to all candidate file documents. The department's record retention schedule will specifically reference these documents by the first quarter of 2016.

#	Date Issued	Audit Title	Condition	Recommendation Summary	Department Response from Audit Report
25	November 2015	Resident Participation in Development Agreements	Developers do not consistently report accurate Resident Participation Program data to the City. Specifically, the audit identified: • Resident Participation Program eligibility could not be verified for 11 workers on the Gold's Gym project. In addition, the developer omitted four (4) Contractor Time Reports from the final report. • The Moderne reports included 414 hours towards the Resident Participation Program percentage for an employee who was no longer eligible to participate in the Resident Participation Program. • The Resident Participation Program hours for the Brewery project were overstated by 9.50 hours. The errors listed above did not impact meeting the overall target goal for the projects tested.	The Department of City-wide Development and the Office of Small Business Development should work together to strengthen controls surrounding reporting accuracy: 1. For development agreements with a resident participation requirement, the developer should be required to utilize an external monitoring company to track and report resident participation data throughout a project. 2. Developers not utilizing an external monitoring company should receive training regarding resident participation compliance requirements. 3. The OSBD should: a. Develop and implement policies and procedures to obtain and retain supporting documentation, and b. Verify the quarterly and final resident participation reports are consistent with what was reported to the City-wide throughout project construction.	The OSBD shares the audit's concerns about reporting accuracy. For large private development projects, as a provision of the SBE or Human Resources Agreement, developers are often required to utilize an external compliance monitor who reports residency data to the OSBD. As a standard practice, the Contract Compliance Officer meets with the developer and/or its designee to discuss compliance and reporting expectations. However, offering additional training opportunities or information to the broader contracting community regarding the residency program may increase compliance. The OSBD shares the audit's concerns with obtaining and retaining supporting documentation. To date, it has been the office's procedure to collect contractor time reports for all private development projects with the exception of those with external compliance monitors. We recognize the importance of collecting all documentation, as identified in the ordinance, so that the information is readily available upon request.
26	September 2013	Audit of the Department of Employee Relations Tuition Reimbursement Program	Currently, discussions regarding questionable employee requests for tuition reimbursement is only documented, if the discussion occurs through email, the emails are retained. The decision arrived at is documented in the fact that the reimbursement request is approved or denied. A denial letter is sent to the employee explaining the reason that request for reimbursement was denied.	Establish a process for documenting the analysis, discussions and noted resolutions regarding the applications that may not be eligible for tuition reimbursement.	Our proposed addition to the current documentation process for questionable tuition reimbursement requests is to create a spreadsheet itemizing denied requests that details both the specific issue and final determination. This information will be useful for future decision making as well as for clarifications and updates to the Tuition Reimbursement Administrative Guidelines. In addition, the data gathered through this documentation process will assist in updating the proposed Policies and Procedures Manual.
27	September 2013	Milwaukee Public Library Cash Controls	There is no formal policy for waiving fines/fees for Library patrons. Library fines/fees are waived at the discretion of the public service staff. The waiving of fines/fees is not monitored.	Develop a report of the amount of fines and fees waived: -By reason -By time period -By branch -By employee	Our security manager currently reviews circulation records for any irregularities and investigates. We will work with MCFLS in requesting an upgrade that would assist with this process.
28	July 2014	System Backup and Recovery Controls for the City Datacenters	Detail not included due to the sensitive nature of the subject.		
29	November 2014	DPW Contract Administration	In accordance with Section 7-14-2a of the City Charter, the Department of Public Works General Specifications created January 31, 1992 requires each prime contractor, prior to the start of work, to furnish certificates which confirm the prime contractor has the types and amounts of insurance to adequately protect the City. A review of a sample of contracts for compliance with these requirements indicated that Certificates of Liability Insurance (COLI) are not consistently obtained and reviewed for sufficient coverage prior to the start of work. Twenty-five percent of the contracts tested were either missing the COLI, did not provide enough coverage to meet the minimums required by the General Specifications, or did not list the City of Milwaukee as additional insured.	Clarify liability insurance requirements within the DPW General Specifications. Management should revise Section 2.9.7 of the Department of Public Works General Specifications to accurately reflect the types and amounts of insurance actually accepted from prime contractors for construction contracts. Management should confirm the level of acceptable coverage with the City Attorney before making the revisions and then periodically going forward.	The Contracts Office, in consultation with the City Attorney's Office, will clarify the liability insurance requirements. The clarified requirements will be included in the General Specs.

#	Date Issued	Audit Title	Condition	Recommendation Summary	Department Response from Audit Report
30	November 2014	DPW Contract Administration	Certificates of insurance are not consistently obtained and reviewed for sufficient coverage. The audit identified 8 contracts in a sample of 30 for which a Certificate of Liability was not obtained, or did not provide coverage to meet the minimums required by the General Specifications.	Review contractor insurance coverage for compliance with the requirements prior to the start of work. Once the types and amounts of required liability insurance are established, management should continue to take a more proactive approach in monitoring the receipt of Certificates of Liability and implement a process to review the insurance for adequate coverage prior to the start of work. This should include a review of insurance for all active contracts and then for contracts as awarded.	The Contracts Office agrees that certificates of liability insurance (COLI) must be obtained and reviewed for sufficient coverage prior to the start of work. A policy to obtain and save all COLI info in the database was implemented in May 2014. Contracts are not transmitted to contractors unless a current and complete COLI is on file with the Contracts Office. Additionally, beginning in May 2014, the database sends out an email notification to Contracts Office staff when COLI coverages have expired. Contract Office staff follow up with the contractor to obtain updated COLI documentation prior to expiration.
31	November 2014	DPW Contract Administration	Bid Express, the electronic bidding system, does not disclose the name of the surety company issuing the bid bond when contractors submit electronic bid bonds with their bids. Therefore, the Contract Office is unable to determine whether the surety company is licensed to do business in Wisconsin. All bid bonds tested during the audit were issued by surety companies licensed to do business in Wisconsin.	Validate surety companies for electronic bid bonds. Management should establish and implement a formal documented policy and procedure for validating electronic bid bonds. The procedures should be performed every time an electronic bid bond is received as the certification status of surety companies may change over time. If DPW ultimately chooses to rely on the vendor to perform the validation, management should consult with the City Attorney to document the terms in an agreement with the service provider.	The Contracts Office will perform a desk audit of all electronic bid bonds to ensure bonds are issued by companies licensed to conduct business in the state of Wisconsin.
32	November 2014	DPW Contract Administration	A second reader attends bid openings to verify the bids as read aloud by the Contract Compliance Officer; however there is no evidence of the verification.	Document and retain evidence of the second reader at bid openings. Management should develop and implement a procedure to document evidence of the verification provided by the second reader at bid opening (i.e., signature or initials, and date on 17 submitted bids). Documentation should be retained and discarded per department retention schedules.	The Contract Office has implemented documentation of second readers at bid openings for all paper bids. Beginning in August 2014, second readers began initialing each paper bid. These documents are retained and discarded per the department's retention schedule.
33	August 2015	In Rem Property Management and Disposition	There are no comprehensive, documented policies and procedures for property management and disposition processes.	Develop and document policies and procedures for property management and disposition processes. Policies and procedures define expectations, promote consistency, aid in making effective decisions, enhance staff morale and productivity, serve as a training tool, and provide continuity. Management should develop, document, and communicate formal, comprehensive policies and procedures to govern the critical property management and disposition processes such as: drive-by inspections, interior inspections and tenant interviews, repairs and maintenance, vacant properties, marketing, sales, other disposition, collection of license fees and rent and monitoring delinquent accounts, accounts payable and Lease-to-Own Program.	Though staff members consult a variety of written directives regarding the handling of tax-foreclosed property, notably the framework established by the Milwaukee Code of Ordinances, we agree it would be more efficient to assemble this information into a single policy and procedure manual.
34	September 2015	Office of Emergency Management and Homeland Security	The Fire, Health and Police Departments do not have standard operating procedures for grants management.	We recommend that the City Departments (Fire, Health and Police) develop, retain and implement SOPs for grants management.	City of Milwaukee officials concurred with the recommendation. If properly implemented, the corrective actions proposed by the City should resolve the condition identified.

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35	September 2015	Office of Emergency Management and Homeland Security	There is no training for the Fire, Health and Police departments on the established standard operating procedures.	We recommend that training (Fire, Health and Police) on the established SOPs be provided to appropriate City employees within the Departments.	City of Milwaukee officials concurred with the recommendation. If properly implemented, the corrective actions proposed by the City should resolve the condition identified.
36	September 2015	Office of Emergency Management and Homeland Security	The grant funds rate of use are not monitored.	We recommend that the City Office of Emergency Management and Homeland Security establish and implement monitoring procedures for tracking the rate of use of grant funds, comparing the use of the funds to the planned spending submitted in the grant application and alerting appropriate City officials when the use of funds will not be met within a sub grant's period-of-performance.	We concur with the recommendation and will establish and implement monitoring procedures for tracking the rate of use of grant funds as indicated.
37	September 2015	Office of Emergency Management and Homeland Security	The Director of the City's Office of Emergency Management and Homeland Security had not analyzed the circumstances surrounding the award and use of $98,000 (from 2009 funding), in order to provide an accounting for these funds.	We recommend that the Director of the City's Office of Emergency Management and Homeland Security analyze the circumstances surrounding the award and use of the $98,000 in order to provide an accounting for the funds.	We concur with the recommendation and will analyze the circumstances surrounding the award and expenditure of the aforementioned $98,000 and provide an accounting.
38	November 2015	Election Commission Administration Process Controls and Compliance	There was a lack of segregation of duties and a lack of cross-training amongst personnel.	Management should strengthen controls by implementing segregation of duties within the database application administrator roles. The following functions should be performed independent of one another: * Setup of poll workers in the Poll Worker Database Application. * Entry of time keeping / payroll * Review and approval of changes * Training attendance input	Unlike many other workplaces where multiple people are completing similar work, the Election Commission currently operates with a staff of six office staff. Each of these staff positions has a very specific focus or scope of responsibility that includes election worker, absentee voting, and voter registration. A unique and comprehensive knowledge level is required with each position. As a result, it is often challenging to cross-train staff and properly segregate duties to reduce risk. Fortunately, the Election Commission will be hiring an additional staff person - a Bilingual Election Worker Coordinator - in 2016. The infusion of this additional staff person to the poll worker program will allow the department to segregate duties as outlined in the audit. This segregation of duties should be completed by the first quarter of 2016.