



Office of the Comptroller

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November 18, 2010

The Honorable,
The Common Council
City Hall, Room 205
Milwaukee, WI 53202

RE: Fraud, Waste and Abuse Hotline

Council Members:

On June 15, 2004, the Common Council adopted Resolution 040063 authorizing the creation of a City website to report potential fraud, waste and abuse within City government. The enclosed report summarizes Hotline operations for the year ended August 17, 2010.

The Hotline has proven to be a benefit by providing citizens with the means to report fraud, waste and abuse in the City of Milwaukee government. The established process of follow-up on these contacts has provided positive results through timely and appropriate actions. For the 2010 reporting period, 80 contacts were made to the Hotline. The majority of these contacts involved employee conduct, potential fraud, waste and abuse, and alleged criminal activity. Nearly 76 percent of all Hotline contacts were made via the City Hotline Web Page, which can be found at www.city.milwaukee.gov.

In addition to the 2010 Hotline results, the report includes results from 2009, 2008 and 2007 for comparative purposes, and also describes the Hotline reporting process. Attachments II and III provide Hotline contacts by City department, by type of concern and by action taken for each of the four years.

I encourage you to review this report and contact me with any questions or comments.

Sincerely,



W. MARTIN MORICS
Comptroller

WMM:amr



**Office of the Comptroller
Fraud Hotline Report
For the Year Ended
August 17, 2010**

This is the fifth report of the City of Milwaukee's Fraud, Waste and Abuse Hotline. The period reported is from August 18, 2009 through August 17, 2010 (referred to as 2010). Information for 2007, 2008 and 2009 is provided for comparative purposes.

Background

On June 15, 2004, the Common Council adopted Resolution 040063, authorizing and directing the Comptroller to establish an Internet accessible "Hotline" web page linked to the City's homepage to report fraud, waste, or abuse in City government. The "Hotline" web page was developed with the assistance of the Information and Technology Management Division in the Department of Administration. On August 17, 2004, this "Hotline" web page was made available for public use. On December 15, 2004 a Hotline telephone number was added. As indicated on the "Hotline" web page, citizens can report fraud, waste and abuse using the on-line form, email, mail, telephone, fax, or by meeting with Comptroller staff in-person.

Hotline Activity

Hotline staff received 80 new contacts in 2010. This compares to 68 contacts in 2009, 96 contacts in 2008 and 89 contacts in 2007 (Figure 1).

Method of Contact

In 2010, 76 percent or (61) Hotline contacts were generated through the on-line submission form or direct email. Another method of contact is the City Hotline phone-in line where a caller can speak directly with hotline staff. The on-line and telephone complaints are a majority of the Hotline calls at 96 percent overall. The portion of the Hotline contacts that were attributed to the call-in complaints was 20 percent (16). In addition 4 percent of the remaining complaints were sent by mail or dropped off in person. Over time, the percentages for on-line/direct mail have decreased, while the percentages for telephone contacts have increased.

Hotline Report For the Year Ended August 17, 2010

Figure 1
Method of Contact by Year

	2007		2008		2009		2010	
Web Page/Email	67	75%	70	73%	60	88%	61	76%
Mail	5	6%	6	6%	1	2%	2	3%
Phone	14	16%	18	19%	7	10%	16	20%
In Person	3	3%	2	2%	0	0%	1	1%
Fax	0	0%	0	0%	0	0%	0	0%
Total	89	100%	96	100%	68	100%	80	100%

Source of Contact

Of the new 80 contacts received in 2010, 52 percent (41) were made by citizens. City employees generated 24 percent (19) of the new Hotline contacts. Of the remaining 24 percent of contacts, 15 percent (13) were from unidentified sources and 9 percent (7) were referrals from the Milwaukee County Hotline staff. Of all new Hotline contacts in 2010, 60 percent (48) contacts were made by parties requesting confidentiality.

Type of Concerns

All Hotline contacts are categorized as one of the following seven types:

1. Potential Fraud/Abuse
2. Waste & Inefficiencies
3. Ethics Issues
4. Employee Conduct
5. Criminal Conduct – (Employee and Non-Employee Allegations)
6. Service Requests
7. Non-City Issues

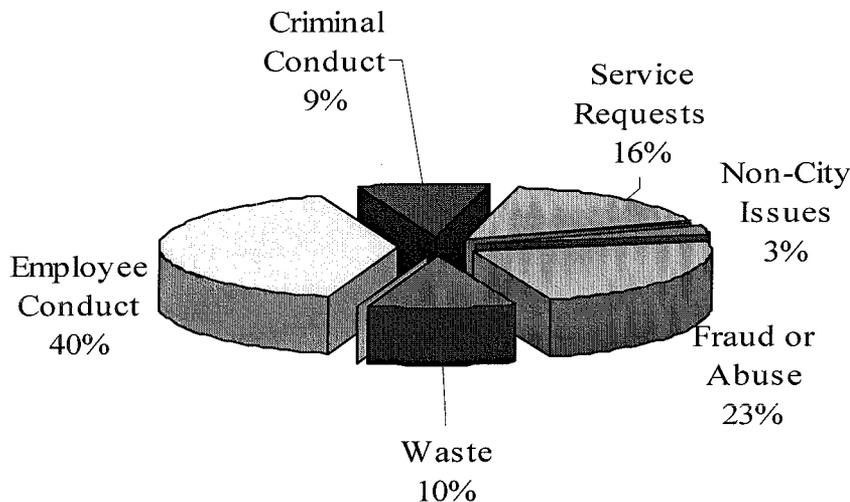
The pie chart on the next page shows that the largest category of contacts was City Employee Conduct with 40 percent. Examples of this type of complaint include misuse of City vehicles, computers or telephones, and unsafe driving. The next largest category of contacts with 23 percent is Potential Fraud or Abuse Allegations. These complaints include potential employee residency violations, misappropriation, procurement abuse, and rent assistance abuse. The third largest category is Service Requests, accounting for 16 percent. These include requests for sanitation collection, parking enforcement, building code enforcement, and identity theft reports.

Hotline Report For the Year Ended August 17, 2010

The fourth largest category is contacts involving Waste and Inefficiencies which are 10 percent of Hotline contacts. Examples of these complaints include the number of workers on a street repair, the quality of street repairs, and misuse of City time by City employees. All complaints including waste and inefficiencies are forwarded to the respective department for substantiation and discipline as needed.

Criminal Conduct allegations accounted for 9 percent, including complaints about, drug offenses, domestic violence and child abuse. These complaints were investigated and referred to law enforcement agencies, City departments for investigation and out of jurisdiction where necessary. Non-City issues accounted for 3 percent; these included out of jurisdiction complaints which were referred to other agencies (Also, see Attachment II, for a summary of concerns by City department).

Type of Concerns at initial point of Contact



Of the six complaint categories, most require at least some follow-up by Comptroller audit staff as many of the initial categories will not be the same when they are sent to the departments for follow up. Contacts classified as Non-City Issues were referred to other government agencies with minimal audit staff involvement. Of the 80 contacts in 2010, 15 contacts, or 18 percent, were Non-City issues or requests for City Service.

Hotline Report For the Year Ended August 17, 2010

Actions Taken

Of the 80 Hotline contacts made in 2010, 67 contacts (or 83 percent) were sent to City departments for follow-up action. Departments responded to all 67 referrals (one turned out to be a service request for another jurisdiction) and 3 remain under review by the departments. In response to complaints about employee conduct, departments indicated that affected employees were counseled and in some cases were disciplined. Two contacts regarding residency rules resulted in on-going investigations.

Departments also responded that requested services were provided, including trash removal, health hazards due to unsafe living conditions, and property inspections for lack of permits pulled. The Housing Authority indicated that it investigated and took action on several complaints about Rent Assistance Program abuse. There were a number of complaints regarding identity theft which occurred in the City of Milwaukee. Parties sending these calls and emails were directed to obtain an identity theft Packet from the MPD website and follow the instructions regarding making an appointment with the proper parties. Figure II, below is a schedule of actions for 2010 and the three years of comparison data for 2007, 2008, and 2009.

Figure II

Actions taken once determination made as to what the call actually is as opposed to what it is initially considered to be by initial call.

	2007		2008		2009		2010	
Department Referral	50	56%	48	50%	33	49%	67	83%
Internal Audit	3	3%	7	7%	1	1%	0	0%
Criminal Referral	14	16%	11	11%	2	3%	0	0%
Non-City	9	10%	5	5%	13	19%	11	14%
Investigated No Further	11	13%	18	19%	18	27%	2	3%
No Action	2	2%	7	7%	1	1%	0	0%
Total	89	100%	96	100%	68	100%	80	100%

Actions taken have also been broken out by department (See: Attachment III). The Department of Public Works accounts for the largest share of contacts (35). Other departments receiving contacts requiring follow-up were the Department of Neighborhood Services with (4) contacts, and the Fire and Police Commission with (8) contacts in 2010.

Hotline Report For the Year Ended August 17, 2010

Benefits

The City Hotline has proven to be a benefit by providing citizens and City employees with the means to report fraud, waste and abuse in City government. The established process of follow-up on these contacts has provided positive results through timely and appropriate actions.

Based on the diverse nature of the contacts that were received during the first six years of operation, it is clear the public is utilizing the City Hotline. Over the last fiscal year there was an increasing number of Hotline complaints received from City Employees, indicating that it is used as a Whistleblower, a good tool for Internal Control risk mitigation. Although the Hotline has not yet resulted in an easily quantifiable cost recovery or cost avoidance for the City, the potential exists in that should there become an actual economic recovery due to a Hotline tip it would be reported in the subsequent Hotline report.

The Hotline Process

Hotline Web Page

The City web site at www.milwaukee.gov provides a link to the Hotline web page labeled "Report Fraud, Waste and Abuse of City Resources". The department web page for the Office of the Comptroller also contains this link. When a person enters and submits information through the Hotline web page, the information is converted to an email message and sent to a Hotline email account, with access restricted to Lead Auditor in charge of Hotline Complaints and the Audit Division Manager. These emails indicate that they are sent from an anonymous sender unless the sender voluntarily provides an email address on the web page form. Parties submitting information to the Hotline web page cannot be identified unless they choose to provide contact information.

Direct Email

The public can bypass the Hotline web page and send messages directly to the Hotline email account at hotline@milwaukee.gov. The sender's email address is included on these direct emails, so this type of contact is not anonymous.

Hotline Report For the Year Ended August 17, 2010

Mail

Letters on Hotline issues can be sent anonymously or with contact information to the address below.

Office of the Comptroller
Attention: Audit Hotline
200 E. Wells Street, Room 404
Milwaukee, WI 53202

Phone and Fax

The public can contact Hotline staff by phone at (414) 286-3440 or send a fax to the Hotline at (414) 286-3281. Hotline staff can often obtain more complete information through interactive phone contacts. A caller wanting to remain anonymous is given a Hotline case number so they can call again to learn how the matter was handled. A fax identifies the sender's fax number and therefore may not be anonymous which is probably why it is rarely used.

In-Person

Hotline matters can be discussed in-person by visiting the Office of the Comptroller during business hours. Hotline staff will meet with the party to discuss the matter, or schedule an appointment to do so at a later time, as schedules permit.

All Hotline contacts have been in English, but if any are received in another language the Office of the Comptroller will strive to obtain translation or interpreter services.

Hotline Follow-up

Each Hotline contact is given a unique case number beginning with the year the month the day and time in military hours called, for example a call on March 12, 2010 at 3:10 pm would have a case number of 201003121510. The record is entered into the Hotline database where it is tracked until a final disposition is entered. Every Hotline complaint received is handled in the same manner; an initial assessment is done to determine whether the case has merit and how it should be handled. Hotline cases are referred to appropriate parties for follow-up action within a few moments of receiving it if it is during normal business hours. Parties providing contact information are notified about the disposition of their Hotline cases.

- Referrals to City departments: Complaints about City employee conduct, such as excessive break time or misuse of City equipment are referred to City departments. Sometimes the Hotline receives routine service requests for sanitation pick-ups or infrastructure repairs, which are also referred to the appropriate department. However

Hotline Report For the Year Ended August 17, 2010

routing Service requests are sent to the City service desk with a Courtesy Copy to the department head, and Hotline staff request that we only receive back a copy of the assigned ticket number assigned. Responses are received from departments indicating actions taken on the Hotline referrals.

- Referrals to non-City agencies: Complaints are often received that do not pertain to City government. For example, a complaint about Food-Stamp Program abuse and Daycare fraud would be referred to the Division of Healthcare Access and Accountability and the Milwaukee Police Department Respectively.
- Referrals to law enforcement agencies: Complaints about illegal activity are referred to the Milwaukee Police Department or the appropriate Federal, State or municipal law enforcement agency.
- Referrals to Internal Audit: Some Hotline cases are referred to audit staff in the Office of the Comptroller for additional investigation or formal audit.

ATTACHMENT ONE

Attachment I

	2007	2008	2009	2010	Total
Method of Contacts					
Web Page/Email	67	70	60	61	258
Mail	5	6	1	2	14
Phone	14	18	7	16	55
In Person	3	2	0	1	6
Fax	0	0	0	0	0
Total	89	96	68	80	333
Source of Contacts					
Employee	21	24	7	19	71
Vendor	2	2	0	0	4
Citizen	51	49	31	41	172
Unknown	0	10	30	13	53
City Departments	2	0	0	0	2
Other Agencies	13	11	0	7	31
Total	89	96	68	80	333
Requested Confidentiality	18	58	35	48	159
Type of Concerns					
Potential Fraud/Abuse	23	20	25	18	86
Waste & Inefficiencies	8	4	1	8	21
Ethics Issues	0	2	2	0	4
Employee Conduct	14	26	18	32	90
Criminal Conduct	14	11	6	7	38
Subtotal	59	63	52	65	239
Service Requests	27	31	14	13	85
Non-City Issues	3	2	2	2	9
Total	89	96	68	80	333
Actions Taken					
Departmental Referrals	50	48	33	67	198
Internal Audit - Follow-up	3	7	1	0	11
Criminal Referrals	14	11	2	0	27
Non-City Referral	9	5	13	11	38
Investigated NFA	11	18	18	2	49
No Action	2	7	1	0	10
Total	89	96	68	80	333

Attachment II

Audit Hotline - Statistics
Types of Concerns by Department
For Years Ended August 17, 2010, 2009, 2008 and 2007

Department	Total	C. Att.	DOA	CC	DCD	Comp	Election	DER	ERS	MFD	FPC	MHD	HACM	Library	Mayor	MFD	DNS	DPV	Non-City	
2010																				
Type of Concern																				
Potential F & A	18		1					1											3	7
Waste & Ineff.	8		1									2							5	
Ethics	0																			
Emp. Cond.	32					1		1	1		6							3	19	2
Criminal Cond.	7							1		1		1						1	1	1
Service Req.	13											1						3	7	2
Non-City	2										1								1	1
Total	80	0	2	0	0	1	0	3	1	0	8	3	6	0	1	3	4	35	13	

Department	Total	C. Att.	DOA	CC	DCD	Comp	Election	DER	ERS	MFD	FPC	MHD	HACM	Library	Mayor	MFD	DNS	DPV	Non-City	
2009																				
Type of Concern																				
Potential F & A	25					1					1								7	12
Waste & Ineff.	1												4						1	
Ethics	2							1												
Emp. Cond.	18										2	1	1		1			2	10	2
Criminal Cond.	6										2							1	2	2
Service Req.	14											1						1	3	5
Non-City	2																		1	1
Total	68	0	0	0	0	1	1	1	0	0	5	2	5	0	1	3	4	25	20	

Department	Total	C. Att.	DOA	CC	DCD	Comp	Election	DER	ERS	MFD	FPC	MHD	HACM	Library	Mayor	MFD	DNS	DPV	Non-City	
2008																				
Type of Concern																				
Potential F & A	20							2		1	1	1						6	9	2
Waste & Ineff.	4									1									2	
Ethics	2																			
Emp. Cond.	26												1					2	22	1
Criminal Cond.	11																		11	
Service Req.	31						3					3			1			5	14	5
Non-City	2																		1	1
Total	96	0	0	2	0	3	2	0	0	2	1	4	1	0	2	11	13	47	28	

Department	Total	C. Att.	DOA	CC	DCD	Comp	Election	DER	ERS	MFD	FPC	MHD	HACM	Library	Mayor	MFD	DNS	DPV	Non-City	
2007																				
Type of Concern																				
Potential F & A	23									1									3	11
Waste & Ineff.	8		3							1										
Ethics	0																			
Emp. Cond.	14																		14	1
Criminal Cond.	14																		5	11
Service Req.	27											1			2				11	6
Non-City	3																		1	2
Total	89	0	3	3	2	0	1	0	0	3	0	1	4	0	4	17	9	33	9	

Audit Hotline - Statistics
 Actions Taken by Department
 For Years Ended August 17, 2010, 2009, 2008 and 2007

Department	Total	C. Att.	DOA	CC	DCD	CDBG	Comp	Elect	DER	ERS	MFD	FPC	MHD	HACM	Library	Mayor	MPPD	DNS	DPW	Non-City	
2010																					
Actions Taken																					
Dept. Ref.	67		1				1		3	1		8	3	6		1	3	4	35	1	
I.A. Follow-up																					
Criminal Ref.	11																				11
Non-City																					11
Inv. NFA	2		1																		1
No Action																					
Total	80	0	2	0	0	0	1	0	3	1	0	8	3	6	0	1	3	4	35	13	

Department	Total	C. Att.	DOA	CC	DCD	CDBG	Comp	Elect	DER	ERS	MFD	FPC	MHD	HACM	Library	Mayor	MPPD	DNS	DPW	Non-City	
2009																					
Actions Taken																					
Dept. Ref.	33								1			5	2	4			2	3	12	4	
I.A. Follow-up	1						1					0						0	1	0	
Criminal Ref.	2																		1	1	
Non-City	13																			13	
Inv. NFA	18								1			1	1	1		1	1	1	12	2	
No Action	1						0					0		0				0	0	0	
Total	68	0	0	0	0	0	1	1	1	0	0	5	2	5	0	1	3	4	25	20	

Department	Total	C. Att.	DOA	CC	DCD	CDBG	Comp	Elect	DER	ERS	MFD	FPC	MHD	HACM	Library	Mayor	MPPD	DNS	DPW	Non-City	
2008																					
Actions Taken																					
Dept. Ref.	48						1		2		1		3					9	34	3	
I.A. Follow-up	7																		1	1	
Criminal Ref.	11						1													11	
Non-City	5																			5	
Inv. NFA	18						2				1	1	1	1		1	1	3	10	5	
No Action	7						2											1	2	2	
Total	96	0	0	2	0	1	3	2	0	0	2	0	4	1	1	2	11	13	47	8	

Department	Total	C. Att.	DOA	CC	DCD	CDBG	Comp	Elect	DER	ERS	MFD	FPC	MHD	HACM	Library	Mayor	MPPD	DNS	DPW	Non-City	
2007																					
Actions Taken																					
Dept. Ref.	50		2								1			3				9	32	1	
I.A. Follow-up	3																				
Criminal Ref.	14																			14	
Non-City	9																			9	
Inv. NFA	11		1				2		1		2	1	1	1		2			2	9	
No Action	2															2				2	
Total	89	0	3	3	2	0	0	1	0	0	3	0	1	4	0	4	4	9	33	9	