



STATE OF WISCONSIN
Legislative Audit Bureau
NONPARTISAN • INDEPENDENT • ACCURATE

Report 24-8
July 2024

Fraud, Waste, and Mismanagement Hotline

Semiannual Report: January 2024 - June 2024



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The Legislative Audit Bureau supports the Legislature in its oversight of Wisconsin government and its promotion of efficient and effective state operations by providing nonpartisan, independent, accurate, and timely audits and evaluations of public finances and the management of public programs. Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

Reports are submitted to the Joint Legislative Audit Committee and made available to other committees of the Legislature and to the public. The Audit Committee may arrange public hearings on the issues identified in a report and may introduce legislation in response to the audit recommendations. However, the findings, conclusions, and recommendations in the report are those of the Legislative Audit Bureau.

The Bureau accepts confidential tips about fraud, waste, and mismanagement in any Wisconsin state agency or program through its hotline at 1-877-FRAUD-17.

For more information, visit *www.legis.wisconsin.gov/lab*.

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STATE OF WISCONSIN

Legislative Audit Bureau

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July 26, 2024

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Wimberger and Representative Wittke:

The Legislative Audit Bureau has operated the Fraud, Waste, and Mismanagement Hotline since April 2008. The hotline permits the public and individuals within state government to confidentially report alleged fraud, waste, and mismanagement within the scope of state government. Individuals may remain anonymous, and statutes require us to protect the identity of any individual making a report.

Hotline reports are received primarily through a toll-free telephone number (1-877-FRAUD-17), and they are also received by mail and a secure online form. We review each report to determine whether the allegation or concern can be addressed by staff in state agencies or through an independent review by Bureau staff.

From the inception of the hotline and through June 30, 2024, we received 1,617 reports. From January 1, 2024, through June 30, 2024, we received a total of 54 reports, including 32 that were state-related. We highlight findings related to selected hotline reports that we resolved since the publication of our last semiannual report (report 24-2).

We appreciate the courtesy and cooperation of the various state agencies with whom we worked to resolve hotline reports.

Respectfully submitted,

Joe Chrisman
State Auditor

JC/SH/ag

Fraud, Waste, and Mismanagement Hotline

***The Bureau operates
a toll-free hotline
(1-877-FRAUD-17).***

As required by s. 13.94 (1) (br), Wis. Stats., the Bureau operates a toll-free hotline to confidentially report alleged fraud, waste, and mismanagement. Callers may remain anonymous, and statutes specifically require the Bureau to protect their identities even when other information related to calls is made public. A secure online form is also available to report concerns at <http://www.legis.wisconsin.gov/LAB/>.

The hotline has been in operation since April 2008 and is primarily administered by certified fraud examiners. It does not duplicate or replace other government hotlines or complaint resources. We address hotline reports by:

- following up during the course of ongoing audit work;
- initiating interviews and documentation reviews with other state agencies;
- conducting audits or reviews in response to substantiated allegations and reporting our findings to the Joint Legislative Audit Committee; and
- making referrals, providing information, and correcting misinterpretations that result in allegations.

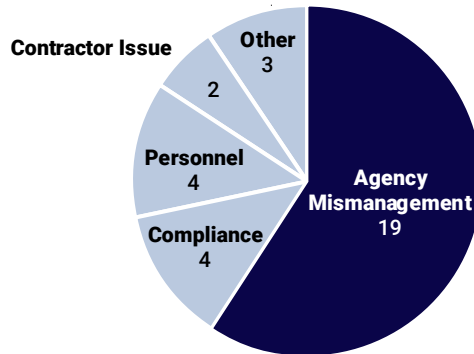
January through June 2024 Hotline Activity

From January through June 2024, we received a total of 54 reports.

Since the inception of the hotline, we have received 1,617 hotline reports alleging fraud, waste, and mismanagement. We received a total of 54 reports from January 1, 2024, through June 30, 2024. Of these 54 reports, 32 reports (59.3 percent) were state-related. As shown in Figure 1, the majority of such reports pertained to alleged agency mismanagement.

Figure 1

Reports of Fraud, Waste, and Mismanagement in State Government¹ January through June 2024



¹ Includes 32 state-related reports received from January 1, 2024, through June 30, 2024.

As shown in Figure 2, we placed each state-related hotline report into one of three categories as of June 30, 2024. These categories are:

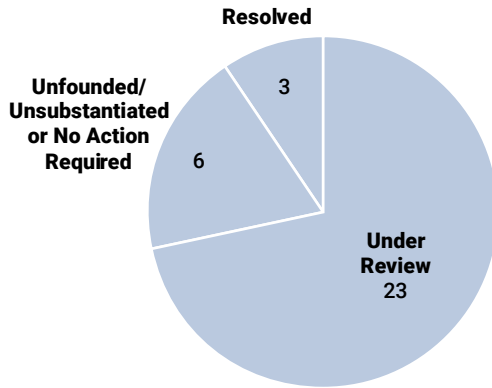
- resolved, which includes actions taken such as internally researching relevant information, conducting fieldwork with relevant agencies, or referring the matter for review by an agency;
- unfounded/unsubstantiated or no action required, which includes a determination that the reported allegation was untrue or limited information was provided to evaluate the concern; and
- under review, which includes hotline reports in which a review is ongoing and therefore remains confidential by law.

As of June 30, 2024, we had resolved 3 of the 32 state-related reports to the hotline.

As of June 30, 2024, we had resolved directly or by referral 3 of the 32 reports to the hotline that were state-related, as shown in Figure 2. We determined that six reports were unfounded/unsubstantiated, or no action was required. As of July 1, 2024, 23 of the 32 state-related hotline reports remained under review.

Figure 2

Status of State-Related Hotline Reports¹
January through June 2024



¹ Status as of June 30, 2024, of the 32 state-related reports received from January 1, 2024, through June 30, 2024.

Highlights of Selected Hotline Activities

Some reports to the hotline involve allegations about an individual employee. Other reports to the hotline require a broader review, such as assessing statutory compliance for a state program. We highlight findings related to selected hotline reports that we resolved since the publication of our last semiannual report in January 2024 (report 24-2).

We assessed seven reports made to the hotline that raised concerns about the Wisconsin State Capitol Police.

We assessed seven reports made to the hotline that raised concerns about the Wisconsin State Capitol Police, which is part of the Department of Administration (DOA). In April 2024, we released our audit of *Wisconsin State Capitol Police* (report 24-4) that found most Capitol Police staff who responded to our survey indicated they were satisfied with their compensation, number of hours worked weekly, and length of shifts. However, less than one-half of respondents were satisfied with their professional development opportunities and the responsiveness of supervisors to their questions and feedback.

We made recommendations for DOA to require Capitol Police to consistently record incident response times and improve its assessment of incident response times. DOA should also require Capitol Police to improve its staff recruitment and retention efforts,

We reviewed a report made to the hotline that raised concerns about the Department of Health Services' nonemergency medical transportation provider.

require Capitol Police to maintain sufficient training records, and improve its oversight of Capitol Police.

We reviewed a report made to the hotline that raised concerns that the Department of Health Services' (DHS's) nonemergency medical transportation (NEMT) provider failed to provide a ride as scheduled and questioned whether the provider was meeting contract requirements. DHS implemented a contract for a new NEMT provider in November 2021, but the provider was acquired in August 2022 by the former NEMT contractor. We reviewed the DHS contract with the NEMT provider and the service-level requirements, noting that the NEMT provider is required to prevent unsuccessful trips and must maintain a 99.7 percent complaint-free rate. The contract indicates that failure to meet these requirements could result in penalties. The NEMT provider submits periodic reports on trips, complaints, and other performance measures.

The NEMT provider's reports and other information we obtained from DHS indicated that the NEMT provider was not meeting performance measures for successful ride percentages. For example, during 2022, the NEMT provider had 4,803 unsuccessful trips. In July 2023, DHS required that the NEMT provider develop a corrective action plan to improve its performance in these areas. In addition, DHS assessed \$293,550 in potential penalties, yet permitted the NEMT provider the opportunity to reduce the penalties for improved performance through December 2023 by meeting "modified" service levels. We note that the assessed penalties were \$4.5 million less than the maximum amount DHS could have assessed under the contract terms. DHS indicated the contractual amount it could have assessed would be reserved for substantial noncompliance, and the actual assessed amount also considered the financial burdens of the penalties on the NEMT provider.

In April 2024, DHS communicated that the NEMT provider had completed the steps required by the August 2023 corrective action plan. Although the NEMT provider had not met the "modified" service levels during the corrective action period, DHS noted improvements in the NEMT provider's performance measures related to successful trips. DHS reduced the assessed penalty by \$156,060, resulting in an assessed penalty of \$137,490 that DHS recouped in June 2024. Despite its improving performance during 2023, we note that the NEMT provider had continued to underperform certain contractual performance measures in 2024. Although the contract permitted no unsuccessful trips, the NEMT provider's performance report identified 268 unsuccessful trips in February 2024. DHS indicated that it continues to monitor the performance of the NEMT provider against service levels required by its contract.

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