

Report 13-1
January 2013

Biennial Report

January 1, 2011 – December 31, 2012

STATE OF WISCONSIN



Legislative Audit Bureau ■

Biennial Report

January 1, 2011 – December 31, 2012

2013-2014 Joint Legislative Audit Committee Members

Senate Members:

Robert Cowles, Co-chairperson
Mary Lazich
Alberta Darling
Kathleen Vinehout
John Lehman

Assembly Members:

Samantha Kerkman, Co-chairperson
Howard Marklein
John Nygren
Jon Richards
Melissa Sargent

LEGISLATIVE AUDIT BUREAU

The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that the policies and practices of state agencies are consistent with legislative intent. Audit 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. For more information, write the Bureau at 22 East Mifflin Street, Suite 500, Madison, WI 53703, call (608) 266-2818, or send e-mail to leg.audit.info@legis.wisconsin.gov. Electronic copies of current reports are available at www.legis.wisconsin.gov/lab.

State Auditor – Joe Chrisman

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Legislative Audit Bureau

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Joe Chrisman
State Auditor

January 15, 2013

Governor Scott Walker and
Members of the Legislature
State Capitol
Madison, Wisconsin 53702

Dear Governor Walker and Members of the Legislature:

This biennial report, which is required under s. 13.94(1)(j), Wis. Stats., summarizes the nonpartisan Legislative Audit Bureau's statutory responsibilities and highlights significant accomplishments from January 1, 2011, through December 31, 2012.

We publish independent audits, evaluations, reviews, opinions, and certifications that help to assure the Legislature and the public that financial transactions and management decisions are made effectively, efficiently, and in compliance with the law and that the policies and practices of state agencies are consistent with legislative intent. Our reports frequently include recommendations that improve government programs and services, maximize federal reimbursements, and ensure public funds are wisely spent and appropriately accounted for.

We are proud to deliver accurate and useful information that enhances accountability and assists the Legislature in its oversight of state agencies. We look forward to continuing our service to the Legislature and the people of Wisconsin.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Joe Chrisman".

Joe Chrisman
State Auditor

JC/JS/ss

Purpose and Organization ■

The Legislative Audit Bureau assists the Legislature in maintaining effective oversight.

The Legislative Audit Bureau is a nonpartisan service agency that assists the Legislature in maintaining effective oversight of state programs and finances. We independently and systematically examine the accounting records and financial statements of entities that receive public funds, perform reviews of government operations that promote good fiscal and management practices, and evaluate programs and services that the State of Wisconsin provides to its citizens by:

- conducting financial audits and program evaluations of state agencies and programs as required by statutes or requested by the Legislature, the Joint Legislative Audit Committee, the Joint Committee on Legislative Organization, or the Governor;
- issuing independent auditor's opinions on the State's financial statements, which are published in the Comprehensive Annual Financial Report prepared in December of each year by the Department of Administration;
- verifying state agencies' compliance with laws and program regulations pertaining to federal funds received by the State of Wisconsin each year;

- performing other independent audits at the request of state agencies that must demonstrate compliance or provide assurance of sound financial practices;
- staffing a hotline to address fraud, waste, and mismanagement in state government;
- conducting “best practices” reviews of governmental service delivery by counties and municipalities; and
- performing other audit and program evaluation work initiated by the State Auditor or in response to requests by individual legislators or other units of government.

Authority and Responsibilities

Our authority and responsibilities are enumerated in s. 13.94, Wis. Stats.

The authority and responsibilities of the Bureau and the State Auditor are enumerated in s. 13.94, Wis. Stats., which includes a broad mandate to provide assurance that financial transactions have been made in a legal and proper manner and to review state agency performance and program accomplishments. Statutes grant us access to financial records and other documentation relating to state agencies and certain other entities, and they require us both to be strictly nonpartisan and to maintain the confidentiality of audits in progress.

Our authority to audit any county, city, village, town, or school district is described in s. 13.94(1)(m), Wis. Stats. In addition, gaming compacts between the State of Wisconsin and 11 Native American tribes require that audited financial statements and security audits of Indian gaming operations be made available to us.

Legislation enacted in 2011 and 2012 requires us to regularly perform:

- an annual financial audit of the Governor’s Read to Lead Development Fund (required by 2011 Wisconsin Act 32); and
- a biennial financial audit and program evaluation of the Wisconsin Economic Development Corporation beginning in 2013 (required by 2011 Wisconsin Act 7).

Other one-time and recurring statutory audit responsibilities are described further in Appendix 1.

Budget and Staffing

Our annual operating budget is approximately \$5.8 million in general purpose revenue (GPR) and \$1.8 million in program revenue from audit contracts with other state agencies. We have an authorized staffing level of 86.8 positions.

We maintain organizational and personal independence from the entities we audit.

As part of the legislative branch of state government, we maintain organizational independence from the entities we audit, which are primarily agencies of the executive branch. The State Auditor is appointed by the Legislature's Joint Committee on Legislative Organization, and staff are appointed by the State Auditor from outside of the classified civil service system. All staff are required to complete annual ethics statements to identify any personal or external circumstances that could reasonably lead third parties to question their independence.

Professional staff hold bachelor's degrees, and many have also earned advanced degrees in areas such as accounting, business administration, and public policy. Approximately two-thirds of professional audit staff are in the Financial Audit Division, and most are certified public accountants. Analysts in the Program Evaluation Division make up most of the remaining professional staff. Our current organization chart appears in Appendix 2.

We adhere to professional auditing standards.

Financial audit staff adhere to professional auditing standards promulgated by the American Institute of Certified Public Accountants and the Comptroller General of the United States. These standards require auditors to:

- be free, in both fact and appearance, from impairments to independence;
- maintain professional competence through continuing education;
- have an appropriate internal quality control system in place; and
- employ peer reviews to assess compliance with auditing standards and the adequacy of the internal quality control system.

Financial auditors complete 80 hours of continuing professional education every two years, as required by government auditing standards, and both financial auditors and program evaluators receive training in core audit skill areas. Our internal quality control system includes detailed auditing policies and procedures,

documentation requirements, supervisory review of all working papers, and both senior staff and editorial reviews of report drafts.

Every three years, under the auspices of the National State Auditors Association, our peers from other states review this system and working papers from selected financial audits for compliance with financial auditing standards. We successfully completed our most recent peer review in September 2012 and received an unqualified opinion on our internal quality control system. A copy of the 2012 peer review opinion is Appendix 3.

In June 2011, State Auditor Janice Mueller retired after serving in the role for 13 years. A joint resolution commending Ms. Mueller on the occasion of her retirement is included as Appendix 4. From June 2011 until October 2011, Joe Chrisman served as Interim State Auditor. In October 2011, Mr. Chrisman was unanimously appointed by the Joint Committee on Legislative Organization as Wisconsin's fourth State Auditor since the creation of the Bureau in 1965.

Joint Legislative Audit Committee

The Joint Legislative Audit Committee has advisory responsibilities for the Audit Bureau.

The Joint Legislative Audit Committee has advisory responsibilities for the Audit Bureau. It may direct us to conduct audits and evaluations, and it receives and reviews the reports we issue. The Audit Committee approved 7 audit requests and held 10 public hearings in 2011 and 2012.

The Audit Committee consists of its co-chairs, the co-chairs of the Joint Committee on Finance, one other majority and two minority party senators, and one other majority and two minority party representatives. At the start of the 2011-2012 legislative session, its members were:

Senator Robert Cowles,
Co-chairperson

Representative Samantha Kerkman,
Co-chairperson

Senator Mary Lazich
Senator Alberta Darling
Senator Kathleen Vinehout
Senator Julie Lassa

Representative Kevin Petersen
Representative Robin Vos
Representative Andy Jorgensen
Representative Jon Richards

Beginning in August 2012, its members were:

Senator Kathleen Vinehout, Co-chairperson	Representative Samantha Kerkman, Co-chairperson
Senator Chris Larson	Representative Kevin Petersen
Senator Lena Taylor	Representative Robin Vos
Senator Robert Cowles	Representative Andy Jorgensen
Senator Mary Lazich	Representative Jon Richards

Additional information on Audit Committee hearings—including hearing notices, live and recorded broadcasts, and presentation materials from past hearings—can be found at our website, www.legis.wisconsin.gov/lab.

Requesting Our Services

Most of our program evaluation work is requested by legislators through the Joint Legislative Audit Committee. State agencies may also request our services in order to meet external audit requirements.

Any legislator may request an evaluation or audit by writing to the Audit Committee co-chairs.

Any legislator may request a program evaluation or a financial audit by writing to the Audit Committee’s co-chairs. Audit requests should clearly identify the topic, program, and agency in question, as well as the specific concerns that necessitate an audit or evaluation. Before submitting a request to the Audit Committee co-chairs, legislators may wish to discuss it with the State Auditor, who can provide information on similar topics that have been previously audited and help to assess the feasibility, size, and scope of the proposed inquiry.

Whether initiated in response to legislation or requested by individual members of the Legislature and approved by the Audit Committee, our work remains confidential until it is made public by us and distributed to members of the Legislature. On the day of publication, printed reports are distributed to all members of the Audit Committee, other legislators, the Governor, members of the media, and other interested parties.

To make our work readily accessible to the widest possible audience, we prepare *Report Highlights*, which summarize key issues, findings, and recommendations in each report and are available in print, as podcasts, and at our website, www.legis.wisconsin.gov/lab. An e-mail notification service is also available by free subscription. In addition, our website lists

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audits in progress and numbered reports published since 1993, and it includes the full text and highlights of all published reports from 1998 through 2012. The first two digits of each document number indicate the year of publication.

Our website also includes audit follow-up documents submitted by state agencies to the Audit Committee in response to recommendations contained in our reports. Audit follow-up received since 2011 is currently available.

For copies of our publications, please order or print from *www.legis.wisconsin.gov/lab*, call (608) 266-2818, or write to:

Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, WI 53703

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Key Activities and Findings ■

From January 2011 through December 2012, we published more than 60 reports, including:

- annual independent auditor's reports on the State of Wisconsin's general financial statements, which required on-site audit work at every major state agency and are published in the State of Wisconsin's Comprehensive Annual Financial Report;
- annual independent auditor's reports on the financial statements of the University of Wisconsin (UW) System, which are published in its annual reports;
- 24 financial audit reports, including 2 single audits that tested compliance with federal grant requirements related to \$15 billion in federal financial assistance administered annually by state agencies in fiscal year (FY) 2009-10 and FY 2010-11;
- 21 program evaluation reports and reviews designed to measure the extent to which state agencies or programs have achieved their intended objectives; and
- numerous other audit opinions and certifications, including those published in annual reports prepared by the State of Wisconsin Investment Board and the Department of Employee Trust Funds.

Financial Audits and Program Evaluations

Financial audits include detailed, impartial reviews of the financial statements prepared by an audited entity.

Financial audits are detailed, impartial reviews that focus on:

- the accuracy of financial statements prepared by an audited entity;
- the effectiveness of internal controls, which are the policies and procedures established by management to ensure the integrity and comprehensiveness of financial reporting and proper administration of state funds; and
- compliance with required accounting or other standards, including laws, regulations, and contracts or grant agreements.

We perform independent financial audits as required by statutes and in response to requests by some state agencies. Our financial audit reports generally include an auditor's opinion that indicates whether financial transactions have been conducted and reported appropriately, as well as a report on internal controls and on our tests for compliance with certain laws and other regulations. Noncompliance in these tested cases could have a direct and material (that is, quantitatively or qualitatively significant) effect on the amounts shown in the financial statements and may be defined as a significant deficiency or a material weakness.

An unqualified opinion signifies that audited financial statements reliably represent an entity's true financial condition.

An unqualified, or "clean," opinion signifies that after reviewing an agency's financial statements and the accompanying notes, the auditor has concluded they conform to generally accepted accounting principles (GAAP), or in some cases to another standard, and that they reliably represent the agency's true financial condition. A qualified opinion expresses reservations about the financial statements because, for example, underlying records are not sufficient or accounting principles have not been consistently applied from year to year.

Program evaluations measure the extent to which an agency or program is achieving its objectives.

Program evaluations and reviews establish performance criteria; measure existing conditions, their probable causes, and actual and potential effects; and typically include recommendations for improving agency operations or enhancing legislative oversight. Six program evaluation reports published in 2011 and 2012 fulfilled audit requirements enumerated in legislation:

- reviews and analyses of standardized test score data provided by the School Choice Demonstration Project for pupils in the Milwaukee Parental Choice Program, as required by 2005 Wisconsin Act 125, were published in August 2011 and August 2012;

- an evaluation of the BadgerCare Plus Basic program, as required by 2009 Wisconsin Act 219, was published in May 2011;
- a report on Open Enrollment Program Transfer Amount Alternatives, as required by 2011 Wisconsin Act 32, the 2011-13 Biennial Budget Act, published in December 2011;
- an evaluation of State Economic Development Programs, as required by 2007 Wisconsin Act 125, was published as report 12-11 in June 2012; and
- a report on UW System's Role in WiscNet and Grant-Funded Networks, as required by 2011 Wisconsin Act 32, was published as report 12-18 in December 2012.

Noteworthy Findings

Our audit and evaluation work frequently identifies opportunities for the Legislature to increase its oversight of high-profile initiatives, important policy issues, and government operations. In 2011 and 2012, we questioned the appropriateness of expenditures in several areas, including for programs in which recipients were ineligible to receive services. For example:

- We identified 152 FoodShare assistance groups that had purchases exceeding \$500 that were made exclusively outside of Wisconsin and more than 50 miles from their reported Wisconsin residences. These assistance groups made purchases totaling \$324,187. We also identified 334 instances in which a FoodShare card was used to make a purchase in Wisconsin on the same day that the card's account number was entered manually to make a purchase in a noncontiguous state (for details, see report 12-3, *FoodShare Benefits Spent Outside of Wisconsin*).
- We identified 1,639 individuals who received FoodShare benefits even though they were ineligible because they were incarcerated in state prisons, were fleeing to avoid prosecution or confinement for a felony offense, or were in violation of a condition of probation or parole (for details, see report 12-8, *FoodShare Wisconsin*).

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- We identified 59 individuals who received unemployment benefit payments even though they were incarcerated in state prisons. These individuals received at least \$221,889 in benefit overpayments and, as a result of our work, were assessed more than \$300,000 in forfeitures related to future unemployment benefits (for details, see report 11-4, *State of Wisconsin FY 2009-10 Single Audit*).

We also identified a number of areas in which additional oversight was warranted. For example:

- The rate-setting process the Department of Health Services used to establish foster care payments included costs that were unallowable under federal program requirements, causing us to question nearly \$185,000 in federal reimbursements over two years (for details, see report 12-6, *State of Wisconsin FY 2010-11 Single Audit*, and report 11-4, *State of Wisconsin FY 2009-10 Single Audit*).
- The increased use of surplus positions, which are intended to be temporary, to address overtime costs may have limited the Legislature's awareness of staffing levels at the departments of Corrections and Health Services and may have circumvented its oversight authority (for details, see *Overtime in State Agencies and UW System*, published in May 2011).
- Overcharging state agencies for centrally provided administrative services, as well as lapsing federal funds to the General Fund, lead to a requirement for the Department of Administration to return approximately \$7.0 million in federal funds to the federal government that otherwise could have been used by state agencies for federal grant programs (for details, see report 12-6, *State of Wisconsin FY 2010-11 Single Audit*).
- Although state agencies generally complied with federal grant requirements, we provided 58 recommendations to improve the State's administration of federal funds (for details, see report 12-6, *State of Wisconsin FY 2010-11 Single Audit*).

We identified a number of policy issues for ongoing legislative consideration.

- We identified up to \$12.0 million in federal funds the Legislature could either spend on specific public assistance programs or lapse to the General Fund in the 2011-13 biennium (for details, see *Budgeting Issues*, published in March 2011).

Several policy issues we analyzed in 2011 and 2012 are likely to be ongoing legislative concerns. For example:

- UW System institutions and other public entities receive internet services from WiscNet, which is a nonprofit association. In FY 2011-12, WiscNet's fees were generally lower than those of commercial providers. Inadequate documentation prevented us from determining whether all payments made between WiscNet and UW System were sufficient and appropriate. Continued monitoring will be necessary to assess UW System's compliance with 2011 Wisconsin Act 32, which affects its future involvement with WiscNet and grant-funded networks (for details, see report 12-18, *UW System's Role in WiscNet and Grant-Funded Networks*).
- From January 2007 through March 2012, UW System and state agencies on Central Payroll hired 2,783 Wisconsin Retirement System annuitants who had terminated employment from 2007 through 2011. Local agencies responding to our survey indicated that they hired 2,599 annuitants from January 2011 through March 2012. Because statutes provide few restrictions on annuitants returning to work, we provided several options for legislative consideration (for details, see report 12-17, *Wisconsin Retirement System (WRS) Annuitants Hired by Employers Participating in the WRS*).
- State spending on economic development in the 2009-11 biennium was an estimated \$226.5 million, but state agencies did not track or publicly report complete information about program results. To improve accountability and increase compliance with statutory requirements, we recommended the Wisconsin Economic Development Corporation work with state agencies to develop goals and accountability measures for economic development programs. As required by statutes, we will conduct an audit in 2013 to assess Wisconsin Economic Development Corporation's financial

management and evaluate its programs (for details, see report 12-11, *State Economic Development Programs*).

- The Health Insurance Risk-Sharing Plan (HIRSP), which provides medical and prescription drug insurance for individuals who are unable to obtain coverage in the private market or who have lost employer-sponsored group health insurance, will be affected by the implementation of the federal Patient Protection and Affordable Care Act (see report 12-9, *Health Insurance Risk-Sharing Plan Authority*).
- The Department of Health Services' budgeting and financial management practices did not keep pace with the growth and increasing complexity of the Medical Assistance program, which had expenditures of \$7.5 billion in FY 2010-11. The Department was not able to readily produce the type of management information desired by legislators and needed for effective management. In addition, the Department relied heavily on vendors to help it administer the program, and we found vendor oversight and contract monitoring could be improved. We highlighted concerns with the Department's efforts to contract for administrative services in our review of the Enrollment Services Center, which the Department established to manage the daily operations of certain public assistance programs (for details, see report 11-15, *Medical Assistance Program, and Enrollment Services Center*, published in June 2011).
- Several of the managed care organizations participating in the Family Care program incurred operating deficits, and the Department of Health Services and the Office of the Commissioner of Insurance identified three that were at an increased risk for insolvency. Despite increases in the capitation rates paid to managed care organizations, which work with participants to develop individual care management plans and contract with providers for the delivery of program services, concerns remained regarding whether rates were sufficient to pay for an increasing number of participants with high-cost needs (for details, see report 11-5, *Family Care*).

- The Contract Sunshine website, which is intended to include contracts, requests for bids and other competitive proposals, and purchase orders totaling \$10,000 or more in a fiscal biennium, is of limited value in providing the public with clear, comprehensive, and useful information. In 2011 Wisconsin Act 32, the Legislature directed the Department of Administration to establish a new publicly accessible website that will report all executive, legislative, and judicial branch expenditures for state operations exceeding \$100. If that website can be successfully implemented, it will surpass the Contract Sunshine website in scope and potential usefulness to the public. We offered several recommendations for improving the Contract Sunshine website if the Legislature chooses to retain it (for details, see report 11-11, *Contract Sunshine Act*).

Fraud, Waste, and Mismanagement Hotline

2007 Wisconsin Act 126 established our toll-free Fraud, Waste, and Mismanagement Hotline (1-877-FRAUD-17) to allow the public and individuals within state government to report suspected fraud, waste, mismanagement, and other improper activities. Callers may remain anonymous, and enabling legislation specifically requires us to protect their identities even when other information related to calls is made public. A secure web-based form to report concerns is also available at www.legis.wisconsin.gov/lab/hotline.

The hotline has been in operation since April 2008 and is staffed primarily by a Certified Fraud Examiner. It does not duplicate or replace other government hotlines or complaint resources. Since its inception, we have addressed more than 472 hotline reports alleging fraud, waste, and mismanagement by:

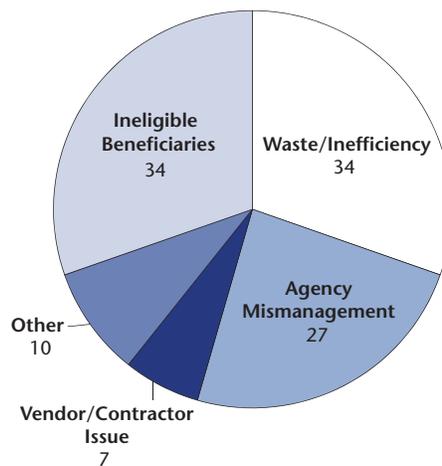
- following up during the course of ongoing audit work;
- initiating formal communication with other state agencies;
- conducting audits or reviews in response to substantiated allegations, and reporting our findings to the Joint Legislative Audit Committee; and

- making referrals, providing information, and correcting misinterpretations that result in allegations.

In 2011 and 2012, 112 of the 162 concerns reported to the hotline pertained to its purpose as set forward in 2007 Wisconsin Act 126. As shown in Figure 1, most were allegations of waste or inefficiency in state government, ineligible recipients of program benefits, and agency mismanagement.

Figure 1

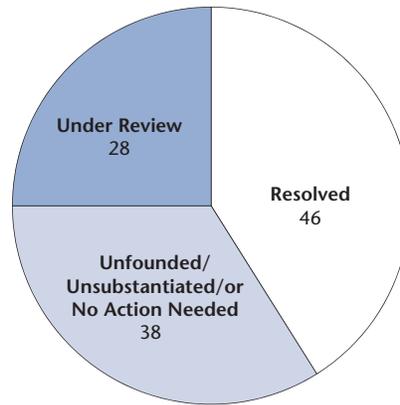
**Reports of Fraud, Waste, and Mismanagement
in State Government¹**



¹ A total of 112 state-related reports were received in 2011 and 2012.

As shown in Figure 2, we resolved 46 reported concerns either directly or by referral and determined that 38 were unfounded, unsubstantiated, or required no action; 28 remain under review.

Figure 2

Status of Reports Received¹
As of December 31, 2012

¹ A total of 112 state-related reports were received in 2011 and 2012.

In February 2012, we summarized 2011 hotline activities (for details, see report 12-4, *Fraud, Waste, and Mismanagement Hotline—2011 Summary*). The summary highlighted reports we published that were based entirely, or in part, on allegations we received. For example:

- A report on the Workforce Advancement Training grant program administered by the Wisconsin Technical College System identified two technical college districts that received reimbursements for costs not actually incurred. The program also had been unable to use all the allocated funding (for details, see *Workforce Advancement Training Grant Program*, published in February 2011).
- A report on the Department of Transportation's administration of warranties on asphalt state highways included recommendations that it improve oversight and ensure that its engineers follow established policies to testing pavements (for details, see *Construction and Inspection of Asphalt State Highways*, published in March 2011).
- A report on the Medical Assistance program included recommendations to the Department of Health Services to improve its oversight and

monitoring of contracted services and ensure that it has sufficient budget authority and follows a competitive bidding process before entering into contract extensions (for details, see report 11-15, *Medical Assistance Program*).

As noted, we received 34 hotline reports in 2011 and 2012 alleging that recipients were fraudulently receiving FoodShare benefits, Medical Assistance benefits, or benefits from other programs. Two audit reports included analyses based on follow-up conducted on hotline reports we received that alleged that specific public assistance recipients may not be eligible for benefits they were receiving or raised concerns about the State's program integrity efforts for public assistance programs (for details, see report 12-3, *FoodShare Benefits Spent Outside of Wisconsin*, and report 11-15, *Medical Assistance Program*).

In addition, we involved relevant agencies in following up on various other hotline reports received in 2011 and 2012, including issues related to tax fraud or avoidance, personnel matters, and other concerns. For example, a UW campus revised its overtime allocation process for its maintenance department based on our review of a hotline report that identified an increase in 2011 overtime and concerns that overtime use was not properly managed.

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Report Summaries ■

A chronological summation of reports published in 2011 and 2012 follows. As noted, the full text of each document is available at www.legis.wisconsin.gov/lab. Appendix 5 is an index of reports by audit topic and Appendix 6 is an index of reports by audited entity.

Reports Published in 2011

January 2011 **Budgetary Accounting Matters**

Our audit of the State's annual financial statements for FY 2009-10 identified two concerns that were not required to be reported under *Government Auditing Standards*: \$19.4 million in lapses from program revenue appropriations with insufficient cash to cover the lapses, and \$25.9 million in expenditures incurred during FY 2009-10 but charged to FY 2010-11.

WHA Television (report 11-1)

WHA Radio (report 11-2)

We provided unqualified opinions on the FY 2009-10 financial statements of WHA Television and WHA Radio. WHA Television earned \$17.3 million and WHA Radio earned \$10.7 million in revenue during FY 2009-10, including state support, member contributions, funding from the Corporation for Public Broadcasting, and various other grants.

February 2011 Wisconsin Veterans Homes (report 11-3)*Department of Veterans Affairs*

The homes' operating expenditures exceeded revenues in four of the past five fiscal years. We identified spending, staffing, purchasing, and accountability issues and made recommendations for the Department of Veterans Affairs to enhance the usefulness of its reports to the Board of Veterans Affairs, clarify eligibility requirements for the Aid to Indigent Veterans program, and improve both compliance with state purchasing requirements and central office oversight of the homes' operations.

Workforce Advancement Training Grant Program

Wisconsin Technical College System districts received at least \$14,294 in reimbursement for costs not actually incurred and had difficulty spending all available funding through a grant program established to provide customized training to incumbent workers. For example, approximately \$2.2 million of the \$6.0 million program appropriation remained unspent in the 2007-09 biennium. We suggested consideration of changes to improve the program.

March 2011 Construction and Inspection of Asphalt State Highways

Through 2009, 184 asphalt highways were constructed under warranties that guarantee pavements will meet contractually specified performance standards. Pavements on 12 of 34 projects we reviewed did not do so during their warranty period. Further, many inspection results were provided to the Department of Transportation regional offices after warranties had expired.

Budgetary Issues

We identified up to \$12.0 million in federal funds the Legislature could either spend on specific public assistance programs or lapse to the General Fund in the 2011-13 biennium. We also identified \$668,478 that could be made available to the General Fund in the current fiscal year.

Public Sector Safety Program

The Public Sector Safety Program establishes and enforces occupational safety and health standards for state and local government employees. During our review period, program staff investigated 30 of 44 complaints received. Complaint investigations were generally timely and violations were corrected. More effective use of existing information systems could improve program efficiency.

State of Wisconsin FY 2009-10 Single Audit (report 11-4)

We assessed internal controls, compliance with federal grant requirements, agency plans for corrective action, and the State's Schedule of Expenditures of Federal Awards. Overall, state agencies properly administered \$15.5 billion in federal financial assistance in FY 2009-10, including more than \$3.5 billion received under the federal American Recovery and Reinvestment Act of 2009.

April 2011 **Family Care (report 11-5)**
Department of Health Services

In FY 2009-10, Family Care operated in 53 counties and had expenditures of \$936.4 million. Participant assessments and care plans were generally complete and timely, but cost-effectiveness was difficult to assess. High-cost participants represented 16.9 percent of the total caseload in FY 2009-10, and the number of participants with developmental disabilities, who tend to require more expensive care, represented 41.2 percent of the caseload at the end of that fiscal year. In considering program changes, we noted the importance of balancing budgetary considerations, the needs of low-income adults who have disabilities or are frail and elderly, and the quality of available services.

May 2011 **BadgerCare Plus Basic Plan**

The Basic Plan was established to provide temporary, unsubsidized health insurance for childless adults on a waiting list for Medical Assistance coverage. Through December 2010, expenditures exceeded revenues by \$140,300, and the deficit would have been larger without \$1.1 million in federal grant funding.

Wisconsin Lottery (report 11-6)
Department of Revenue

We provided an unqualified opinion on the Wisconsin Lottery's financial statements for FY 2009-10 and FY 2008-09, when ticket sales totaled \$480.9 million. The Wisconsin Lottery was in compliance with statutory limitations on expenses related to prizes, informational advertising, retailer commissions and incentives, and other administrative functions, but we included a recommendation that it specify how the effectiveness of \$7.5 million in annual spending to publicize games will be measured.

Overtime in State Agencies and UW System

Overtime costs declined over the five-year period we reviewed but increased 2.5 percent from 2009 to 2010. The departments of Corrections and Health Services continued to account for the largest share of overtime costs, and both increasingly relied on surplus positions to address staffing needs.

June 2011 **Enrollment Services Center**

In this first phase of our comprehensive evaluation of the Medical Assistance program, we reviewed the Enrollment Services Center established by the Department of Health Services to manage operations of the BadgerCare Plus and FoodShare programs. In the period we reviewed, two private contractors were paid nearly \$27.6 million to operate the Enrollment Services Center. As of March 2011, it had employed 482 individuals, including 432 contract staff.

State Fair Park (report 11-7)

We provided an unqualified opinion on State Fair Park's FY 2009-10 financial statements. Revenue exceeded expenditures by \$1.6 million on a cash basis, which allowed State Fair Park to further reduce its cash deficit. Changes related to the major facilities operating on State Fair Park grounds will affect its financial condition in the future and warrant close attention.

Unemployment Reserve Fund (report 11-8)*Department of Workforce Development*

We provided an unqualified opinion on the Fund's financial statements for FY 2009-10 and FY 2008-09. As its reserves were depleted, the Fund borrowed from the federal government to pay unemployment benefits to eligible individuals. The balance owed to the federal government as of May 31, 2011, was \$1.3 billion plus an additional \$25.4 million in interest accrued on the loan as of that date. Federal borrowing was to be repaid, with interest, beginning in 2011.

Health Insurance Risk-Sharing Plan (HIRSP) Authority (report 11-9)

We provided an unqualified opinion on the HIRSP Authority's financial statements for 2010. The HIRSP Authority maintained a sound financial position, with net assets totaling \$13.7 million at the end of 2010. In addition to the state-based HIRSP Plan, the HIRSP Authority operated a temporary federal high-risk pool under a contract with the federal government during the period we reviewed.

August 2011 Universal Service Fund (report 11-10)
Public Service Commission

We provided an unqualified opinion on the financial statements for FY 2009-10 and FY 2008-09. The Fund supports telecommunications and other programs and is the sole funding source for state aid to public library systems. It is funded by assessments on telecommunications providers that are typically recovered from consumers and that totaled \$51.7 million in FY 2009-10. We estimate that the Fund had paid at least \$4.3 million in excess fees that were subsequently lapsed to the State's General Fund.

Test Score Data for Pupils in the Milwaukee Parental Choice Program (Report 4 of 5)

As required by statute, we analyzed pupil test score data and the related analyses performed by private researchers as part of their five-year study of the Milwaukee Parental Choice Program. After four years, the researchers found no significant difference in the performance of Choice pupils and similar pupils enrolled in Milwaukee Public Schools.

Educational Programs for Working Adults

Courses scheduled during non-traditional business hours may be more accessible for working adults, and 31.8 percent of associate degree courses offered through the Wisconsin Technical College System were scheduled after 5:00 p.m., on weekends, or online in the spring 2010 semester. Two federal programs for dislocated workers supported training services for an estimated 7,000 students in the technical colleges in FY 2010-11.

Wisconsin Retirement System—Actuarial Audit

As required by statute, we contract for an actuarial audit of the Wisconsin Retirement System at least once every five years. The Segal Company performed the most recent audit and found that the methods and assumptions used by the Department of Employee Trust Fund's consulting actuary in its 2009 actuarial valuation were reasonable and properly employed. Segal also offered recommendations to improve the consulting actuary's annual actuarial valuations.

Contract Sunshine Act (report 11-11)*Government Accountability Board*

We found the Contract Sunshine website to be of limited value in providing the public with sufficiently clear, comprehensive, and useful information. Although the Government Accountability Board identified 95 agencies subject to Contract Sunshine reporting requirements as of November 2010, only 38 agencies had reported information during the first four months of FY 2010-11. Before considering repeal of the Contract Sunshine statutes, it will be important to ensure that a new website the Legislature required be established in 2011 Wisconsin Act 32 can achieve its intended goals at a reasonable cost and in a timely manner.

September 2011 Dental Education Contract and Dental Services Grant*Marquette University School of Dentistry*

In FY 2008-09 and FY 2009-10, Marquette University generally complied with contract and statutory requirements related to \$2.8 million in tuition aid for Wisconsin residents in its undergraduate dental education program and appropriately spent a \$5.5 million grant to help fund dental services provided by students at clinics in Milwaukee, Appleton, Eau Claire, and Stevens Point.

Aid for Medical Education*Medical College of Wisconsin*

In FY 2008-09 and FY 2009-10, the Medical College of Wisconsin complied with statutory requirements related to \$4.0 million in tuition aid for Wisconsin residents and appropriately spent \$6.8 million in public funding for a family practice residency program and for cancer research. We also reviewed the State's debt service payments related to three major construction projects at the Medical College.

November 2011 Petroleum Inspection Fee Revenue Obligations Program (report 11-12)

The program issued bonds and other debt to fund claims under the Wisconsin Petroleum Environmental Cleanup Fund Award (PECFA) program. We provided an unqualified opinion on its financial statement for FY 2010-11 and FY 2009-10. As of June 30, 2011, \$188.7 million in revenue obligations remained outstanding, to be repaid from a \$0.02 per gallon fee charged for petroleum products sold in Wisconsin.

December 2011 Focus on Energy (report 11-13)*Public Service Commission*

Programs overseen by the Public Service Commission and funded through utility customers' electricity and natural gas rates provided \$58.6 million in incentives for the purchase of energy-saving products and services. We estimated that incentives were paid to more than 78,000 unique customers in 2010, and that more than 385,000 customers benefitted from incentives paid to retailers to reduce the price of energy efficient lighting products. We recommended that additional information from the Public Service Commission would enhance legislative oversight.

Open Enrollment Program Transfer Amount Alternatives

For each of the 34,450 pupils participating in the open enrollment program in the 2010-11 school year, \$6,665 in state aid was transferred from the district where the pupil resided to the district where the pupil attended school. We provided five alternatives the Legislature could consider if it wished to change how the transfer amount is determined.

Wisconsin Educational Communications Board (report 11-14)

The Educational Communications Board operates a public television network and two public radio networks throughout the state. We provided an unqualified opinion on its financial statements for FY 2010-11. It reported a total of \$20.5 million in support and revenue during FY 2010-11, including state support, member contributions, funding from the Corporation for Public Broadcasting, and various other grants.

Medical Assistance Program (report 11-15)*Department of Health Services*

Expenditures increased from \$5.0 billion in FY 2006-07 to \$7.5 billion in FY 2010-11, primarily due to growth in the number of recipients. The Department of Health Services increasingly relied on vendors to provide administrative support to the program, and vendor payments increased from \$66.2 million in FY 2006-07 to \$114.8 million in FY 2010-11. The Department was not able to readily produce the type of management information desired by legislators and needed for effective management. We made several recommendations to improve the Department's contracting, budgeting, and financial management practices.

Reports Published in 2012

January 2012 **WHA Television** (report 12-1)
WHA Radio (report 12-2)

We provided unqualified opinions on the FY 2010-11 financial statements of WHA Television and WHA Radio. WHA Television earned \$16.7 million and WHA Radio earned \$11.2 million in revenue during FY 2010-11, including state support, member contributions, funding from the Corporation for Public Broadcasting, and various other grants.

February 2012 **FoodShare Benefits Spent Outside of Wisconsin** (report 12-3)

In this first phase of our comprehensive evaluation of the FoodShare program, we found that 3.0 percent of FoodShare benefits, or \$32.9 million, was spent outside of Wisconsin in FY 2010-11. Although this is permitted by federal law, 152 assistance groups, which represented 0.04 percent of all assistance groups receiving benefits, made purchases totaling \$324,187 exclusively outside of Wisconsin that may indicate inappropriate benefit use.

Fraud, Waste, and Mismanagement Hotline—2011 Summary (report 12-4)

From April 2008 through December 2011, our hotline (1-877-FRAUD-17) received 389 reports, of which 79 were received in 2011. Of these reports, 58 were specific to state agencies or programs. This summary highlights 2011 hotline activities.

March 2012 **Driver Improvement Surcharge Funding** (report 12-5)

Statutes require that counties retain 60.0 percent of each driver improvement surcharge imposed and transfer 40.0 percent to the State. Five state agencies spent \$4.5 million in surcharge funds in FY 2010-11 to support local efforts to address alcohol and drug abuse. To help meet statutorily required budget reductions, agencies lapsed surcharge funds to the General Fund in FY 2009-10 and FY 2010-11.

State of Wisconsin FY 2010-11 Single Audit (report 12-6)

We assessed internal controls, compliance with federal grant requirements, agency plans for corrective action, and the State's Schedule of Expenditures of Federal Awards. State agencies administered nearly \$15.0 billion in federal financial assistance in FY 2010-11, including approximately \$2.8 billion received under the federal American Recovery and Reinvestment Act of 2009. Although state agencies generally complied with federal grant requirements, we include 58 recommendations to improve the State's administration of federal funds.

April 2012 **Local Government Property Insurance Fund (report 12-7)**
Office of the Commissioner of Insurance

We provided an unqualified opinion on the Property Fund's financial statements for the fiscal years ended June 30, 2011, June 30, 2010, and June 30, 2009. The Property Fund's surplus balance declined from \$41.2 million as of June 30, 2009, to \$20.5 million as of June 30, 2011. In response, the Office of the Commissioner of Insurance implemented premium rate increases and will continue monitoring the surplus balance.

FoodShare Wisconsin (report 12-8)
Department of Health Services

In 2011, 1.1 million individuals received \$1.1 billion in FoodShare benefits. The Department of Health Services has made it easier to apply for benefits, but not all eligible individuals receive them. We identified instances in which program rules were violated and ineligible individuals, including inmates, received benefits. We included recommendations to improve program administration and fraud prevention.

May 2012 **Health Insurance Risk-Sharing Plan (HIRSP) Authority (report 12-9)**

We provided an unqualified opinion on the HIRSP Authority's financial statements for 2011. As of December 31, 2011, 21,317 policyholders were enrolled in the state-based HIRSP plan and 998 policyholders were enrolled in the temporary federal high-risk pool. The HIRSP Authority's net assets totaled \$9.5 million at the end of 2011.

June 2012 **State Fair Park (report 12-10)**

We provided an unqualified opinion on State Fair Park's FY 2010-11 financial statements. As of June 30, 2011, State Fair Park's cash deficit was reduced to \$235,000. Although its financial condition improved, we suggested close monitoring of State Fair Park's facilities and operations.

State Economic Development Programs (report 12-11)

Eight state agencies administered 196 economic development programs at some point during the 2007-09 and 2009-11 biennia. We identified concerns related to the completeness of program information the agencies tracked and reported. For example, although state agencies were statutorily required to report annually on both expected and actual program outcomes, the October 2010 report included both expected and actual quantified outcomes for only 16 of 95 programs. We included recommendations for the Wisconsin Economic Development Corporation and state agencies to improve program results and accountability.

Wisconsin Lottery (report 12-12)*Department of Revenue*

We provided an unqualified opinion on the Wisconsin Lottery's financial statements for FY 2010-11 and FY 2009-10. We found the Lottery was in compliance with statutory spending limitations related to prizes, product information, administrative expenses, and retailer compensation.

August 2012 Crime Victim and Witness Assistance Surcharge Revenue (report 12-13)

Circuit courts assess the surcharge for felony and misdemeanor convictions. A decrease in the number of criminal charges and convictions, as well as unpaid surcharges, may help explain the decline in surcharge revenue in recent years despite an increase in the surcharge amount. Although unrelated to the decline in revenue, we found that some surcharge revenue has not been deposited into the correct state appropriations.

Test Score Data for Pupils in the Milwaukee Parental Choice Program (Report 5 of 5) (report 12-14)

As required by statute, we analyzed pupil test score data and the related analyses performed by private researchers as part of their five-year study of the Milwaukee Parental Choice Program. Using different methodologies, we and the researchers found separate instances in which the average change in Choice pupils' test scores from the 2006-07 school year to the 2010-11 school year was greater than the average change in MPS pupils' test scores, and the differences in average test score changes were statistically significant. However, we and the researchers believe the extent to which the Choice program affects pupil achievement cannot be definitively determined based on the test score results obtained from the longitudinal study.

September 2012 Division of Gaming (report 12-15)*Department of Administration*

In June 2012, 11 tribes operated 25 casinos in Wisconsin. In 2011, tribal gaming revenue totaled \$1.3 billion and tribal gaming profits, or revenue in excess of expenses, totaled \$566.7 million. The State received \$52.1 million from tribes in FY 2011-12 under the revenue-sharing provisions of negotiated gaming compacts.

November 2012 Petroleum Inspection Fee Revenue Obligations Program (report 12-16)

The program issued bonds and other debt to fund claims under the Wisconsin Petroleum Environmental Cleanup Fund Award (PECFA) program. We provided an unqualified opinion on its financial statement for FY 2011-12 and FY 2010-11. A \$0.02 per gallon fee charged for petroleum products sold in Wisconsin will be used to repay the \$188.7 million in revenue obligations outstanding as of June 30, 2012.

December 2012 Wisconsin Retirement System (WRS) Annuitants Hired by Employers Participating in the WRS (report 12-17)

From January 2007 through March 2012, UW System and state agencies on Central Payroll hired 2,783 WRS annuitants who had terminated employment from 2007 through 2011. Local agencies responding to our survey indicated that they hired 2,599 annuitants from January 2011 through March 2012. Because statutes provide few restrictions on annuitants returning to work, we provided several options for legislative consideration.

UW System's Role in WiscNet and Grant-Funded Networks (report 12-18)

UW System institutions and other public entities receive internet services from WiscNet, which is a nonprofit association. In FY 2011-12, WiscNet's fees were generally lower than those of commercial providers. Inadequate documentation prevented us from determining whether all payments made between WiscNet and UW System were sufficient and appropriate. Continued monitoring will be necessary to assess UW System's compliance with 2011 Wisconsin Act 32, which affects its future involvement with WiscNet and grant-funded networks.

Wisconsin Educational Communications Board (report 12-19)

ECB operates a public television network and three public radio networks throughout the state, and reported a total of \$20.6 million in revenue during FY 2011-12. Although we provided an unqualified opinion on its financial statements for FY 2011-12, we again reported a significant deficiency in the financial reporting process.

Audit Opinions

Independent Auditor's Report on the FY 2010-11 Financial Statements of the State of Wisconsin*Dated December 21, 2011***Independent Auditor's Report on the FY 2011-12 Financial Statements of the State of Wisconsin***Dated December 13, 2012*

This annual effort requires on-site audit work at the Department of Administration and every major state agency. Our audit opinion and the related financial statements are presented in the State's Comprehensive Annual Financial Report, which is published by the Department of Administration. These statements are intended to provide the most complete and revealing picture of the State's financial position and operating results. We provided unqualified opinions on the statements audited in 2011 and 2012.

**Independent Auditor's Report on the FY 2010-11 Financial Statements
of the University of Wisconsin System** *Dated December 21, 2011*

**Independent Auditor's Report on the FY 2011-12 Financial Statements
of the University of Wisconsin System** *Dated December 13, 2012*

Although we audit the University of Wisconsin System as a major element of our audit of the State's overall financial statements, at the request of university management we also provide a separate audit opinion on the stand-alone financial statements. These statements provide additional detail on the University of Wisconsin System's finances, which allow comparisons to other major university systems and a more thorough evaluation by the Board of Regents and other interested parties. We provided unqualified opinions on the statements audited in 2011 and 2012.

**Independent Auditor's Report on the FY 2010-11 Financial Statements
of the State of Wisconsin Investment Fund** *Dated August 29, 2011*

**Independent Auditor's Report on the FY 2010-11 Financial Statements
of the State of Wisconsin Investment Board's
Retirement Investment Trust Funds** *Dated December 5, 2011*

**Independent Auditor's Report on the FY 2010-11 Financial Statements
of the State of Wisconsin Investment Board's
Various Funds** *Dated December 5, 2011*

**Independent Auditor's Report on the FY 2011-12 Financial Statements
of the State of Wisconsin Investment Fund** *Dated August 29, 2012*

**Independent Auditor's Report on the FY 2011-12 Financial Statements
of the State of Wisconsin Investment Board's
Retirement Investment Trust Funds** *Dated December 3, 2012*

**Independent Auditor's Report on the FY 2011-12 Financial Statements
of the State of Wisconsin Investment Board's
Various Funds** *Dated December 3, 2012*

Our annual audits of the investments managed by the State of Wisconsin Investment Board provide assurance to governments and individuals as to the overall value of investments and the income earned by the investments. We provided unqualified opinions on the statements audited in 2011 and 2012.

**Independent Auditor’s Report on the 2010 Financial Statements of the
Department of Employee Trust Funds** *Dated September 13, 2011*

Our audits of the pension funds and other accounts managed by the Department of Employee Trust Funds help provide assurance to contributing governments, covered government employees, and annuitants concerning the financial status of the funds. We provided an unqualified opinion on the 2010 financial statements.

Statutorily Required Certifications

**Certification to Incoming and Outgoing Secretaries of Cash and Securities in
the Custody of the Department of Administration as of December 31, 2010**

Certification of the State’s Net Indebtedness as of January 1, 2011

Certification of the State’s Net Indebtedness as of January 1, 2012

**Biennial Certification of Cash and Securities in the Custody of the
Department of Administration as of June 30, 2011**

These certifications were completed during the course of the annual audit of the State’s financial statements. They are used to determine compliance with annual debt limits and to ensure the accuracy of the cash and securities records of the Department of Administration.

■ ■ ■ ■

Appendix 1

Recurring and One-Time Audit Responsibilities

Under s. 13.94, Wis. Stats., and other statutory provisions, the Legislative Audit Bureau is required or permitted to conduct annual financial audits of:

- the Department of Employee Trust Funds;
- the Capital Improvement Fund;
- the Bond Security and Redemption Fund;
- the State of Wisconsin Investment Board;
- the Division of Gaming within the Department of Administration;
- the Wisconsin Lottery;
- State Fair Park;
- the Health Insurance Risk-Sharing Plan (HIRSP) Authority;
- student loans and notes in the possession of the Higher Educational Aids Board;
- grants for dental services at the Marquette University School of Dentistry;
- the Green Bay/Brown County Professional Football Stadium District's efforts to meet contracting and hiring goals for minorities and women in the Lambeau Field reconstruction project; and
- the Governor's Read to Lead Development Fund.

Statutes require us to conduct biennial performance audits of the State Lottery, the State of Wisconsin Investment Board, the Division of Gaming within the Department of Administration, and the Wisconsin Economic Development Corporation, and biennial or more frequent financial audits of:

- cash and securities in the custody of the Department of Administration;
- the central accounting records of the Department of Administration;
- expenditures from the state appropriation to the Medical College of Wisconsin;
- expenditures under the Higher Educational Aids Board contract for dental education services; and
- the Wisconsin Economic Development Corporation.

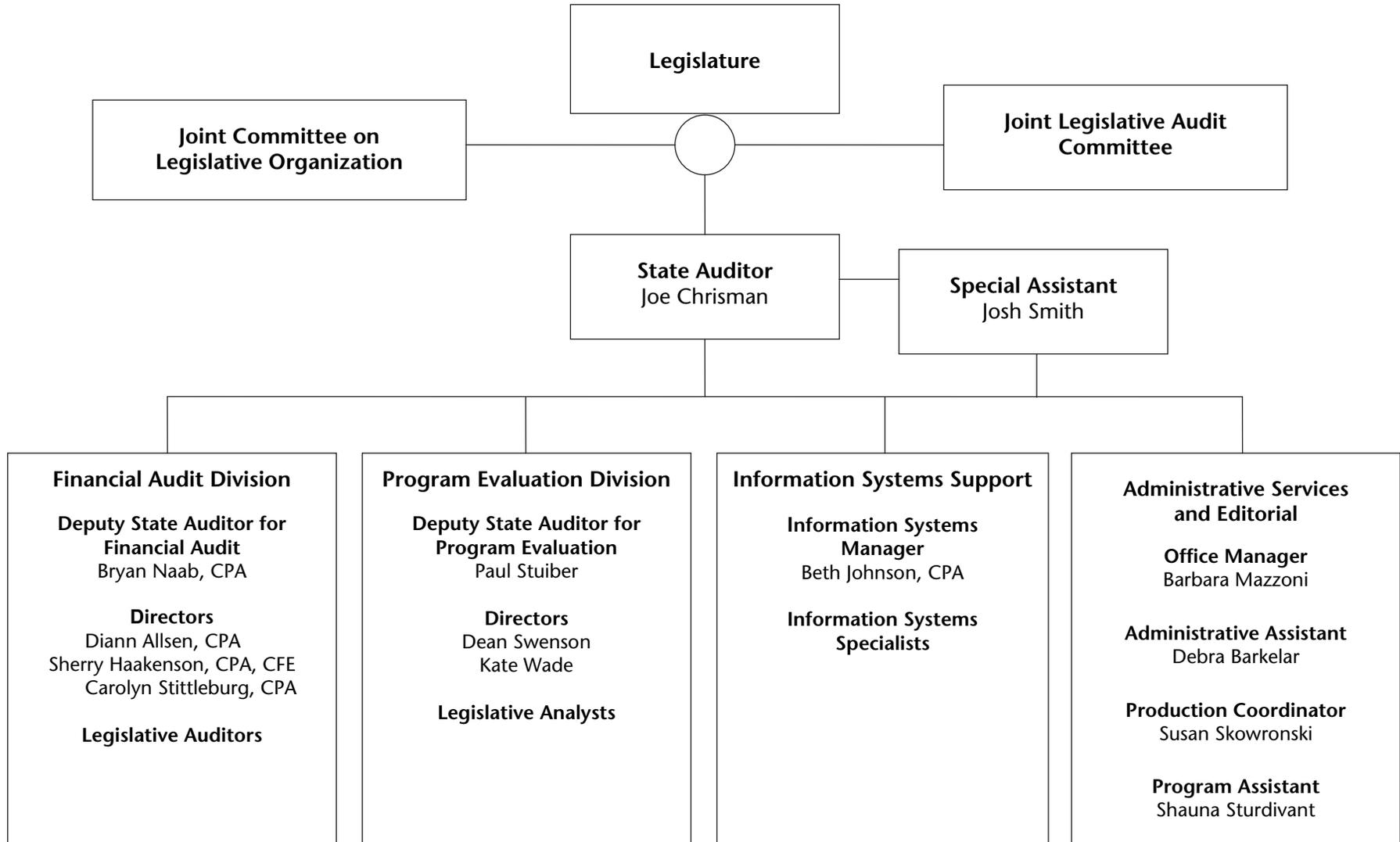
At least once every three years, we are required by statutes to audit the State Life Insurance Fund, the Local Government Property Insurance Fund, and the Injured Patients and Families Compensation Fund. In recent years, we have performed these audits every three years and have performed interim work each year for purposes of our annual audit of the State of Wisconsin's financial statements.

Statutes require us to periodically contract for an actuarial audit of the Wisconsin Retirement System; to audit divisions in the Department of Safety and Professional Services that are responsible for inspections of multifamily housing; to conduct county and municipal best practices reviews; and to monitor the Department of Natural Resources' Environmental Cooperation Pilot Program. We are also required to review the quarterly statements of economic interest and reports of economic transactions that members and employees of the State of Wisconsin Investment Board file with the Government Accountability Board, and we are responsible for conducting special examinations of the accounts and financial transactions of any department or office as the Legislature, the Joint Legislative Audit Committee, the Joint Committee on Legislative Organization, or the Governor directs.

In addition to these recurring statutory requirements, we are also required to conduct a financial and performance evaluation audit of the Business Development in Wisconsin Tax Incentives program currently administered by the Wisconsin Economic Development Corporation before July 1, 2014 (required by 2009 Wisconsin Act 2).

Wisconsin Legislative Audit Bureau

January 2013



Appendix 3

**Unqualified Opinion on the Legislative Audit Bureau's
Internal Quality Control System from the
National State Auditors Association**



National State Auditors Association

September 14, 2012

Joe Chrisman, State Auditor
Wisconsin Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, WI 53703

Dear Mr. Chrisman:

We have reviewed the system of quality control of the Wisconsin Legislative Audit Bureau (the office) in effect for the period August 1, 2011 to July 31, 2012. A system of quality control encompasses the office's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with government auditing standards. The design of the system and compliance with it are the responsibility of the office. Our responsibility is to express an opinion on the design of the system, and the office's compliance with the system based on our review.

We conducted our review in accordance with the policies and procedures for external peer reviews established by the National State Auditors Association (NSAA). In performing our review, we obtained an understanding of the office's system of quality control for engagements conducted in accordance with government auditing standards. In addition, we tested compliance with the office's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the office's policies and procedures on selected engagements. The engagements selected represented a reasonable cross-section of the office's engagements conducted in accordance with government auditing standards. We believe that the procedures we performed provide a reasonable basis for our opinion.

Our review was based on selective tests; therefore it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it. Also, there are inherent limitations in the effectiveness of any system of quality control; therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of the Wisconsin Legislative Audit Bureau in effect for the period August 1, 2011 to July 31, 2012 has been suitably designed and was complied with during the period to provide reasonable assurance of conforming with government auditing standards.

Hollie Andrus, CPA
Team Leader
National State Auditors Association
External Peer Review Team

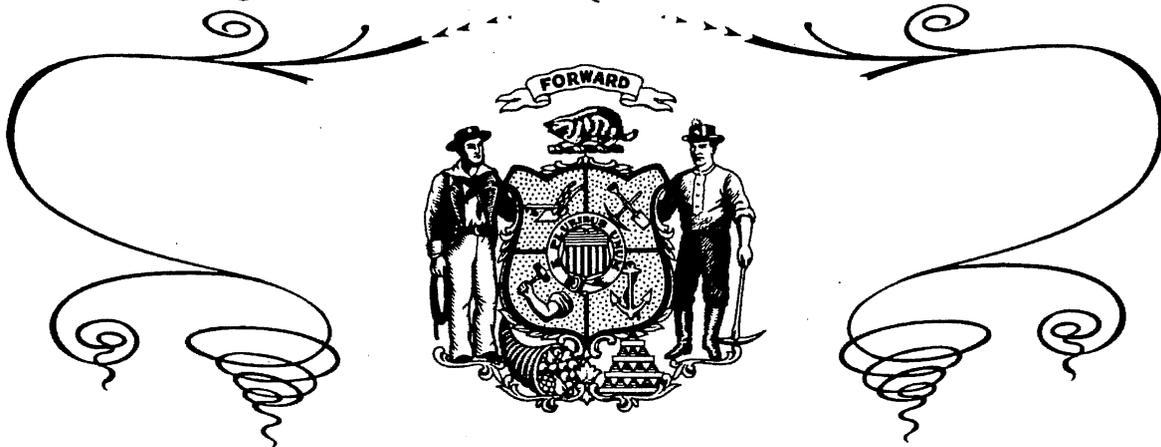
Richard H. Foote, CPA
Concurring Reviewer
National State Auditors Association
External Peer Review Team

Appendix 4

**Joint Resolution Commending State Auditor Janice Mueller
on the Occasion of Her Retirement**

June 2011

State of Wisconsin



2011 Assembly Joint Resolution 45

ENROLLED JOINT RESOLUTION

Relating to: commending State Auditor Janice Mueller on the occasion of her retirement.

Whereas, Janice “Jan” Mueller was born in Crystal Falls, Michigan, to Norman and Blanche Gill; was raised in Amasa, Michigan; and, after attending Central Michigan University, she became the first person in her family to graduate from college; and

Whereas, Jan began her career in Wisconsin legislative service in October 1976 as a fiscal analyst with the Legislative Fiscal Bureau, where she reviewed budget proposals, wrote issue papers and memoranda, and assisted the Joint Committee on Finance in the development of budget alternatives and recommendations; and

Whereas, she became a program evaluation supervisor at the Legislative Audit Bureau in February 1981 where she assisted in planning and directing complex evaluations of various state agencies and programs; and

Whereas, Jan was appointed special assistant to the director of the Bureau of Health Care Financing in the Wisconsin Department of Health and Social Services in November 1985, where she analyzed policy issues and completed projects to strengthen quality assurance in Medical Assistance; and

Whereas, she returned to the Legislative Audit Bureau as executive assistant in August 1989, where she served as the chief policy adviser to the state auditor, managed the bureau’s internal operations, and worked closely with the cochairpersons and members of the Joint Legislative Audit Committee and their staff; and

Whereas, Jan was appointed Wisconsin state auditor in March 1998 and led the Legislative Audit Bureau in conducting more than 425 financial audits and evaluations of state agencies and programs during her 13–year tenure in the position; and

Whereas, she worked purposefully to strengthen the bureau's service to the legislature by maintaining cooperative and collaborative working relationships with the directors and the staff of the Legislative Council, the Legislative Fiscal Bureau, the Legislative Reference Bureau, and the Legislative Technology Services Bureau; and

Whereas, under Jan's leadership, the Legislative Audit Bureau received the National Legislative Program Evaluation Society's Award for Excellence in Evaluation in 2002, in recognition of its adherence to the highest performance standards across a body of evaluative work; and

Whereas, under her leadership, the Legislative Audit Bureau has consistently received an unqualified opinion on its system of quality control for financial audits from the National State Auditors Association; and

Whereas, under Jan's leadership, the Legislative Audit Bureau was recognized in Governing Magazine in 2008 as being "among the most important and credible audit shops in the country;" and

Whereas, Jan's leadership in the auditing field has extended beyond Wisconsin's borders through her service to and leadership roles in professional organizations, including the National State Auditors Association; the National Association of State Auditors, Comptrollers and Treasurers; the United States Comptroller General's Advisory Council on Government Auditing Standards; the National Legislative Program Evaluation Society; and the Association of Government Accountants; and

Whereas, Wisconsin Women in Government recognized her outstanding record of leadership and service to the state by making her a recipient of the Wisconsin's First Woman Award in May 2004; and

Whereas, Jan's professionalism, dedication, warmth, and personal integrity are appreciated by all those with whom she has worked throughout her distinguished career; and

Whereas, Jan will retire from public service on June 17, 2011; now, therefore, be it

Resolved by the assembly, the senate concurring, That the members of the Wisconsin legislature congratulate Jan on nearly 35 years of public service; commend her for her objectivity, independence, and nonpartisanship, which have so shaped the work of the Legislative Audit Bureau throughout her tenure as state auditor; thank her for the service she has rendered to the legislature and to the citizens of the state; and extend best wishes to her for a long and happy retirement; and, be it further

Resolved, That the assembly chief clerk shall provide a copy of this joint resolution to Janice Mueller and her husband, Joel; her daughter, Kristen of St. Louis, Missouri; her son, Andrew of Chicago, Illinois; her sister Marsha Johnson, of Crystal Falls, Michigan; and the staff of the Legislative Audit Bureau.



Senator Michael G. Ellis
President of the Senate



Representative Jeff Fitzgerald
Speaker of the Assembly

June 16, 2011

Date



Patrick E. Fuller
Assembly Chief Clerk

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