

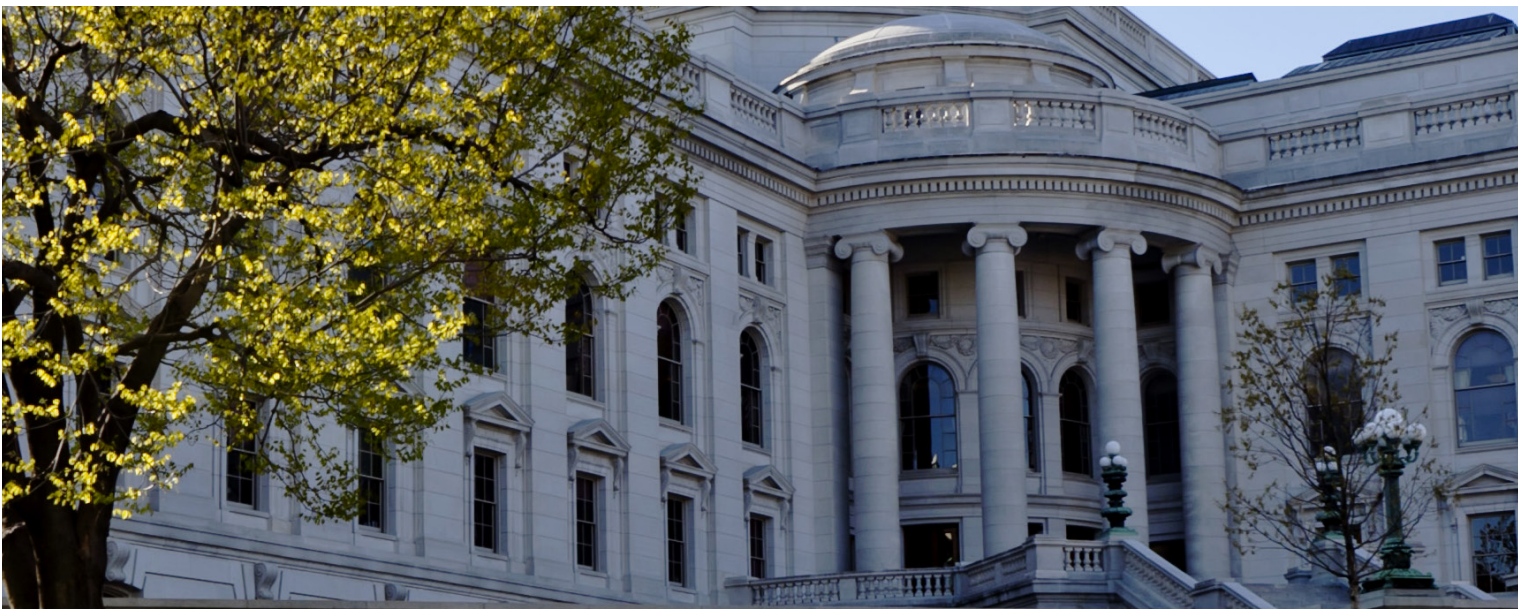


STATE OF WISCONSIN  
**Legislative Audit Bureau**  
NONPARTISAN • INDEPENDENT • ACCURATE

Report 22-1  
January 2022

# **Fraud, Waste, and Mismanagement Hotline**

*Semiannual Report: July 2021 - December 2021*



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Dale Kooyenga  
Howard Marklein  
Melissa Agard  
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### Assembly Members:

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# Fraud, Waste, and Mismanagement Hotline

*Semiannual Report: July 2021 - December 2021*



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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.

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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](http://www.legis.wisconsin.gov/lab).

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STATE OF WISCONSIN

# Legislative Audit Bureau

Joe Chrisman  
State Auditor

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[AskLAB@legis.wisconsin.gov](mailto:AskLAB@legis.wisconsin.gov)

January 21, 2022

Senator Robert Cowles and  
Representative Samantha Kerkman, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

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 December 31, 2021, we received 1,399 reports. From July 1, 2021, through December 31, 2021, we received a total of 37 reports, including 19 that were state-related. Beginning on page 5, we highlight findings related to selected reports that we have resolved since the publication of our last semiannual report (report 21-11).

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/ss





## Fraud, Waste, and Mismanagement Hotline

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***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 (1-877-FRAUD-17) 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 and is available 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.

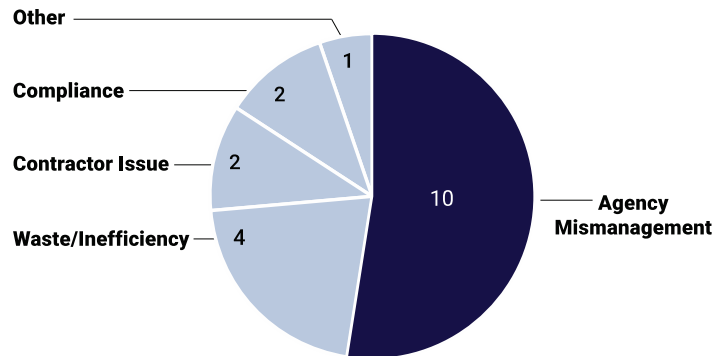
## July through December 2021 Hotline Activity

*From July through December 2021, we received a total of 37 hotline reports.*

Since the inception of the hotline, we have received 1,399 hotline reports alleging fraud, waste, and mismanagement. We received a total of 37 reports, from July 1, 2021, through December 31, 2021. Of these 37 reports, 19 reports (51.4 percent) were state-related. As shown in Figure 1, the majority of such reports pertained to concerns about alleged agency mismanagement.

Figure 1

**Reports of Fraud, Waste, and Mismanagement in State Government<sup>1</sup>**  
July through December 2021



<sup>1</sup> Includes 19 state-related reports received from July 1, 2021, through December 31, 2021.

As shown in Figure 2, we placed each state-related hotline report into one of three categories as of December 31, 2021. These categories are:

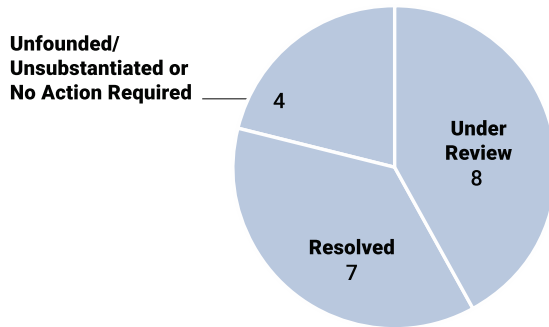
- resolved, which includes actions taken such as internally researching relevant information, conducting fieldwork with relevant agencies, or referring the matter for review by an agency;
- unfounded/unsubstantiated or no action needed, which includes a determination that the reported allegation was 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 December 31, 2021, we had resolved 7 of the 19 reports to the hotline that were state-related.*

As shown in Figure 2, we had resolved 7 of the 19 reports to the hotline that were state-related, either directly or by referral as of December 31, 2021. As of January 1, 2022, 8 of the 19 state-related hotline reports remained under review.

Figure 2

**Status of State-Related Hotline Reports<sup>1</sup>**  
July through December 2021



<sup>1</sup> Status as of December 31, 2021, of the 19 state-related reports received from July 1, 2021, through December 31, 2021.

We completed an evaluation of election administration (report 21-19) in October 2021. This evaluation considered 26 hotline reports we received, made 30 recommendations to the Wisconsin Elections Commission, and identified 18 issues for legislative consideration. After the release of report 21-19 and through December 31, 2021, we received two hotline reports that raised concerns similar to those analyzed in report 21-19.

### 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. Although the specific concern or allegation may have been reported to the hotline in prior years, we highlight findings related to selected reports that we resolved since the publication of our last semiannual report in July 2021 (report 21-11).

- In July 2021, we reported that the Department of Workforce Development (DWD) was noncompliant with federal requirements to review in a timely manner Unemployment Insurance (UI) program appeals (report 21-11). For May 2021, DWD

reported it did not meet federal requirements to resolve 80 percent of appeals within 45 days, and instead resolved appeals in an average of 67 days. We recommended that DWD assess the effect of hiring additional staff on the backlog of appeals, develop a plan to reduce the number of outstanding appeals, and comply with federal regulations to resolve appeals in a timely manner. In its follow-up report in September 2021, DWD reported to the Joint Legislative Audit Committee the average number of days to resolve appeals had declined to 54 days for August 2021. DWD reported that for the week ended January 1, 2022, the average number of days to resolve appeals was 55 days.

- Based on a report to the hotline, we completed a review of DWD's monitoring and use of predictive analytics for the UI program. In December 2021, we reported the results of this review in report 21-23, and recommended DWD seek approval from the U.S. Department of Labor regarding use of the predictive analytics model and implement adequate procedures to monitor its ongoing accuracy.
- Based on a report to the hotline, we reviewed selected Department of Transportation (DOT) appropriations and their related balances in STAR, the state's accounting system. In December 2021, we reported the results of this review in report 21-23, and recommended DOT fully resolve the unreconciled variances before it certifies its appropriations for FY 2021-22.

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