



STATE OF WISCONSIN

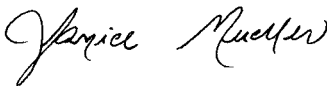
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Janice Mueller
State Auditor

DATE: December 12, 2007

TO: Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee

FROM: Janice Mueller 
State Auditor

SUBJECT: Proposed Audit of the Accountability, Consolidation, and Efficiency (ACE)
Initiative—Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering an audit of the Accountability, Consolidation, and Efficiency (ACE) Initiative. In March 2005, the ACE Initiative was announced as a strategy for pursuing savings in procurement, state facilities management, human resources, and information technology. By implementing more efficient and effective ways for state agencies to buy goods and services, use computing and other state resources, and hire employees, it was anticipated that the ACE Initiative would save the State up to \$200.0 million over four years.

When the ACE Initiative was announced, it was anticipated that in the first two years consolidation of procurement would save taxpayers \$50.0 million, sales of surplus state land were expected to result in savings of \$36.0 million, and consolidating human resources staff from 17 smaller state agencies into the Department of Administration (DOA) would save \$860,000.

DOA calculated the amount that state agencies were anticipated to save by participating in the ACE Initiative, such as by purchasing office supplies and other items under contracts that are negotiated by DOA. In recent years, many state agencies have been required to lapse their portion of the savings obtained from the contracts to the General Fund.

An audit of the ACE Initiative could include:

- a review of the amounts that state agencies have been required to lapse to the General Fund as a result of their participation in the ACE Initiative, as well as an analysis of how those amounts were calculated;
- an analysis of the number and type of positions transferred from state agencies to DOA as part of the ACE Initiative;

- a review of selected ACE Initiative contracts that have been executed, including those that have been cancelled or rebid;
- an analysis of the contract waivers DOA has granted to state agencies to allow them to make purchases under contracts not included in the ACE Initiative;
- an update on the status and expenditures of the ACE Initiative's information technology component, which we analyzed in our *Review of Information Technology Projects* (report 07-5); and
- a review of future plans for the ACE Initiative, including the amount and nature of anticipated future savings.

I hope you find this information helpful. If you have any additional questions, please contact me.

JM/DS/bm

cc: Senator Julie Lassa
Senator Mark Miller
Senator Alan Lasee
Senator Robert Cowles

Representative Samantha Kerkman
Representative Kitty Rhoades
Representative David Cullen
Representative Joe Parisi

Michael Morgan, Secretary
Department of Administration