

Report 19-12
July 2019

Fraud, Waste, and Mismanagement Hotline

Summary Report: January through June 2019

STATE OF WISCONSIN



Legislative Audit Bureau ■

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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

22 East Mifflin St., Suite 500 ■ Madison, WI 53703 ■ (608) 266-2818 ■ Hotline: 1-877-FRAUD-17 ■ www.legis.wisconsin.gov/lab

Joe Chrisman
State Auditor

July 18, 2019

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), but also 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 an independent review by Audit Bureau staff.

Since inception of the hotline through June 30, 2019, we have received 1,133 reports. In this report, we summarize the 35 reports we received from January 1, 2019, through June 30, 2019, and we describe 3 reports we resolved during this time period.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Joe Chrisman'.

Joe Chrisman
State Auditor

JC/SH/ss

Fraud, Waste, and Mismanagement Hotline ■

As required by s. 13.94 (1) (br), Wis. Stats., the Bureau has a toll-free hotline (1-877-FRAUD-17) to allow the public and individuals within state government to confidentially report alleged fraud, waste, and mismanagement. Callers may remain anonymous, and statutes specifically require us 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 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 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.

2019 Hotline Activity

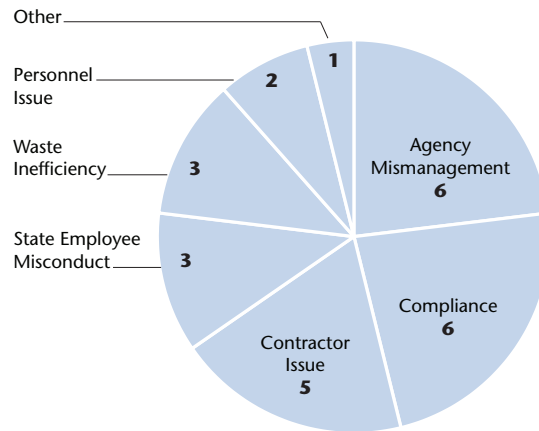
Since its inception, we have received 1,133 hotline reports alleging fraud, waste, and mismanagement. We received a total of 35 reports from January 1, 2019, through June 30, 2019.

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Of the 35 reports received from January 1, 2019, through June 30, 2019, 26 reports (74.3 percent) were state-related issues. As shown in Figure 1, the majority of such reports pertained to concerns about state agency mismanagement and compliance with state laws or regulations.

Figure 1

Reports of Fraud, Waste, and Mismanagement in State Government¹ January through June 2019



¹ Includes 26 state-related reports received from January 1, 2019, through June 30, 2019.

We placed each hotline report into one of three categories as of June 30, 2019. These categories are:

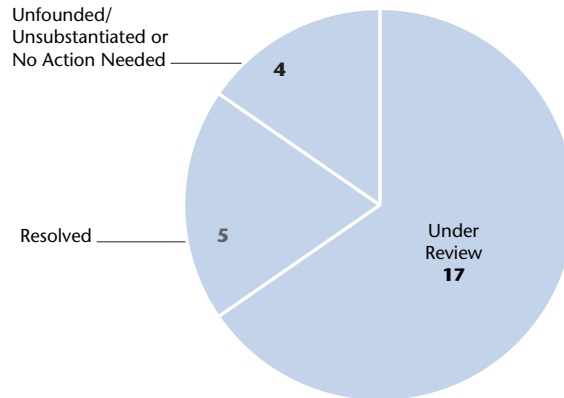
- resolved, which includes actions taken such as internally researching relevant information, conducting fieldwork with relevant agencies, or referring the matter for review by an agency;
- unfounded/unsubstantiated or no action needed, which includes a determination that the reported allegation was 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 June 30, 2019, we had resolved 5 of the 26 reports to the hotline, either directly or by referral, and determined that 4 reports were unfounded, unsubstantiated, or required no action as shown in Figure 2. In addition,

17 of the 26 (65.4 percent) state-related hotline reports remained under review as of July 1, 2019.

Figure 2

Status of State-Related Hotline Reports¹
January through June 2019



¹ Status on June 30, 2019, of the 26 state-related reports received from January 1, 2019, through June 30, 2019.

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, highlights of outcomes and findings related to selected reports that were resolved from January 1, 2019, through June 30, 2019, follow.

Personal Use of Cellular Phones

Based on a report made to the hotline, we referred an allegation about cellular phone use to the University of Wisconsin (UW)-La Crosse. Specifically, we received a hotline report that alleged two UW-La Crosse employees had each been assigned a UW cellular phone and both employees consistently used the phone for personal use. In February 2019, we referred the matter to UW-La Crosse for review. UW-La Crosse staff conducted a review of the employees' cellular phone records and its policies related to cellular phones. UW-La Crosse completed its review in May 2019.

UW-La Crosse's review found that the two employees regularly used their UW-issued cellular phones for personal phone calls, and it determined that one of the two employees no longer needed a cellular phone for their job responsibilities. However, because the UW policies do not expressly prohibit personal use and the additional calls did not result in additional costs, UW-La Crosse took no further action related to the personal calls. Based on its review, UW-La Crosse also assessed its current procedures for reviewing the business need for issuance of UW cellular phones and indicated its plans to conduct periodic reviews in the future.

Compliance with State Travel Policies

Based on a report made to the hotline, we completed a review of travel reimbursement procedures at the Department of Veterans Affairs (DVA). Specifically, we received a hotline report alleging noncompliance with state travel policies. For example, one employee consistently used one hotel chain and airline for which the employee participated in rewards programs. Under state policies, rewards earned through state travel should be used to offset future travel costs for state business. However, we found no evidence that participation in these rewards programs was used to offset subsequent DVA travel costs before the employee left DVA employment. Although DVA followed Department of Administration (DOA) policies in limiting the lodging reimbursements to the maximum amount allowed, it did not document that the airline selected by the employee offered the lowest appropriate airfare.

We also found DVA's policies to be insufficient to prevent potential noncompliance by other employees. In June 2019, we recommended that DVA revise its policies and procedures to comply with DOA travel policies; develop a process to ensure that employees have identified and documented the lowest appropriate airfare for state business travel prior to incurring travel costs; and provide training for its employees.

Contracts for Technical College Course Credits

Based on a report made to the hotline, we completed a review of certain contracts between the Waukesha County Technical College (WCTC) and a private business for technical college course credits granted to high school students. We reported the findings from this review in May 2019 as report 19-8.

Based on available records of educational services provided involving a private business, we estimated that WCTC did not collect at least \$121,440 from 2015 through 2017 because it did not enter into statutorily required contracts or did not collect revenue from a contract it executed. We recommended WCTC take steps to ensure that it consistently enters into statutorily required contracts with private businesses when it provides educational services or permits its curricula to be used in awarding technical college course credits.