

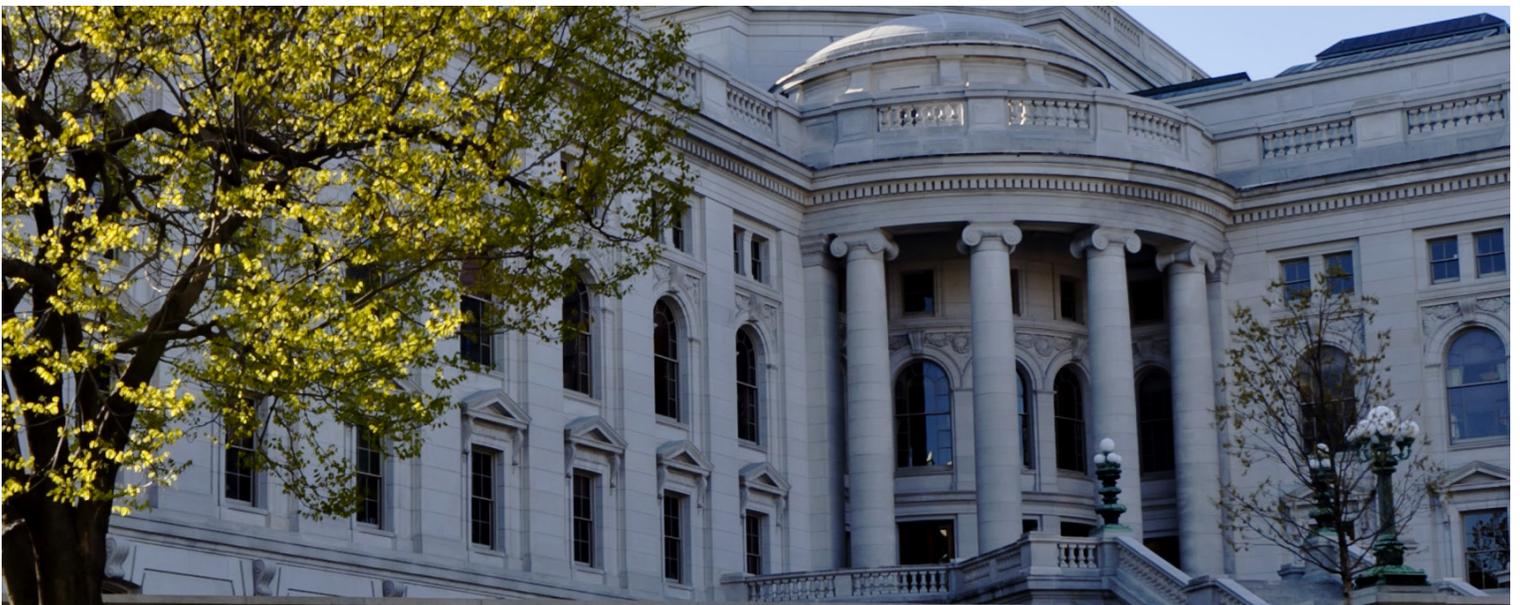


STATE OF WISCONSIN
Legislative Audit Bureau
NONPARTISAN • INDEPENDENT • ACCURATE

Report 23-2
January 2023

Fraud, Waste, and Mismanagement Hotline

Semiannual Report: July 2022 - December 2022



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Semiannual Report: July 2022 - December 2022



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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.

Contents

Letter of Transmittal	1
Fraud, Waste, and Mismanagement Hotline	3
July through December 2022 Hotline Activity	4
Highlights of Selected Hotline Activities	5



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January 13, 2023

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

Dear Senator Wimberger and Representative Wittke:

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

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

From the inception of the hotline and through December 31, 2022, we received 1,481 reports. From July 1, 2022, through December 31, 2022, we received a total of 36 reports, including 22 that were state-related. We highlight a finding related to a hotline report that we resolved since the publication of our last semiannual report (report 22-9).

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

Respectfully submitted,



Joe Chrisman
State Auditor

JC/SH/ag

Fraud, Waste, and Mismanagement Hotline

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

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

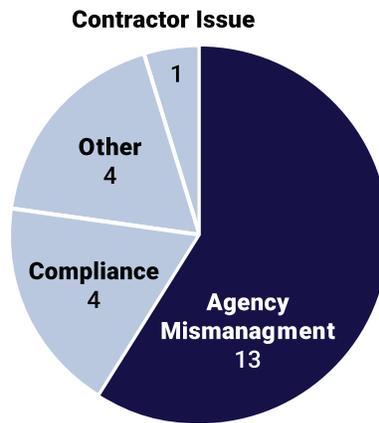
July through December 2022 Hotline Activity

From July through December 2022, we received a total of 36 reports.

Since the inception of the hotline, we have received 1,481 hotline reports alleging fraud, waste, and mismanagement. We received a total of 36 reports from July 1, 2022, through December 31, 2022. Of these 36 reports, 22 reports (61.1 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 Government¹ July through December 2022



¹ Includes 22 state-related reports received from July 1, 2022, through December 31, 2022.

As shown in Figure 2, we placed each state-related hotline report into one of three categories as of December 31, 2022. These categories are:

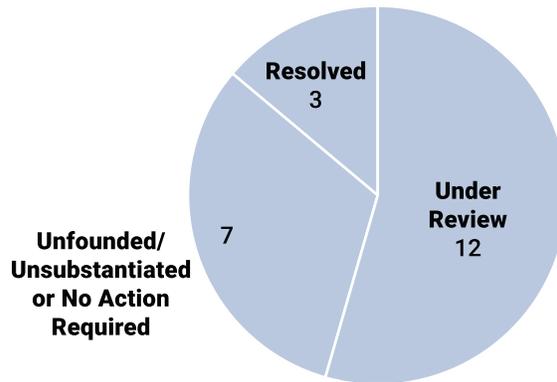
- resolved, which includes actions taken such as internally researching relevant information, conducting fieldwork with relevant agencies, or referring the matter for review by an agency;
- unfounded/unsubstantiated or no action required, which includes a determination that the reported allegation was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

As of December 31, 2022, we had resolved 3 of the 22 reports to the hotline that were state-related.

As of December 31, 2022, we had resolved directly or by referral 3 of the 22 reports to the hotline that were state-related, as shown in Figure 2. We determined that 7 reports were unfounded, unsubstantiated, or no action was required. As of January 1, 2023, 12 of the 22 state-related hotline reports remained under review.

Figure 2

Status of State-Related Hotline Reports¹
July through December 2022



¹ Status as of December 31, 2022, of the 22 state-related reports received from July 1, 2022, through December 31, 2022.

Highlights of Selected Hotline Activities

Some reports to the hotline involve allegations about an individual employee. Other reports to the hotline require a broader review, such as assessing statutory compliance for a state program. We highlight a finding related to a hotline report that we resolved since the publication of our last semiannual report in July 2022 (report 22-9).

We assessed a report made to the hotline that raised concerns about the Department of Revenue’s (DOR’s) administration of certain grant programs. In November 2022, we reported the results of this review in report 22-21, and recommended that DOR take additional efforts to identify and recover grants it awarded in error and to report to the Joint Legislative Audit Committee on the status of these efforts by February 15, 2023.

