



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

Report 26-02  
January 2026

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

*Semiannual Report: July 2025 - December 2025*



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Chris Kapenga  
Howard Marklein  
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# Fraud, Waste, and Mismanagement Hotline

*Semiannual Report: July 2025 - December 2025*



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## **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.

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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

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# Legislative Audit Bureau

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State Auditor

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January 30, 2026

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, 2025, we received 1,804 reports. From July 1, 2025, through December 31, 2025, we received a total of 74 reports, including 30 that were state-related. We highlight a finding related to selected hotline reports that we resolved since the publication of our last semiannual report (report 25-11).

We appreciate the courtesy and cooperation of the various state agencies with which 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 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 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.

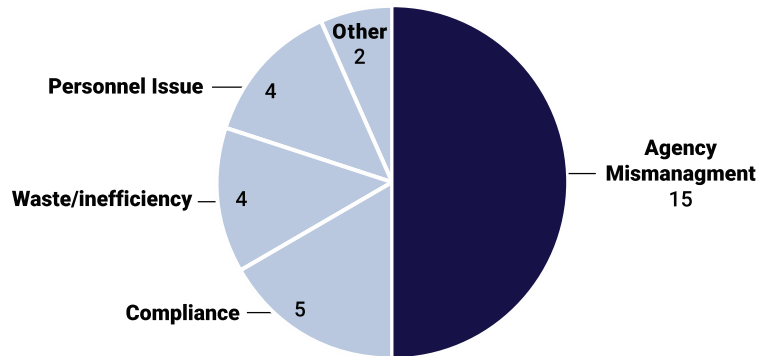
## July through December 2025 Hotline Activity

*From July through December 2025, we received a total of 74 reports.*

Since the inception of the hotline and through December 31, 2025, we received 1,804 hotline reports alleging fraud, waste, and mismanagement. We received a total of 74 reports from July 1, 2025, through December 31, 2025. Of these 74 reports, 30 reports (40.5 percent) were state-related. As shown in Figure 1, the majority of such reports pertained to alleged agency mismanagement.

Figure 1

### Reports of Fraud, Waste, and Mismanagement in State Government<sup>1</sup> July through January 2025



<sup>1</sup> Includes 30 state-related reports received from July 1, 2025, through December 31, 2025.

As shown in Figure 2, we placed each state-related hotline report into one of three categories as of December 31, 2025. These categories are:

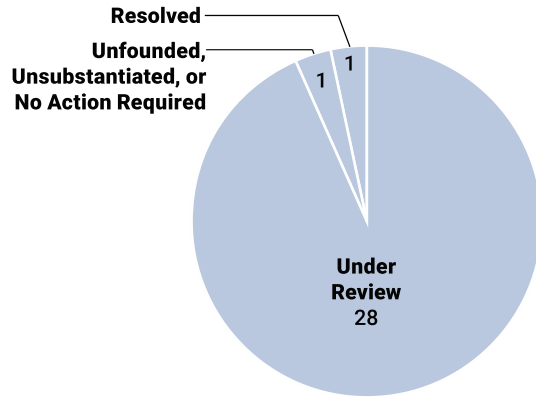
- resolved, which includes actions taken such as internally researching relevant information, conducting fieldwork with relevant agencies, or referring the matter for review by an agency;
- unfounded, unsubstantiated, or no action required, which includes a determination that the reported allegation 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, 2025, we had resolved one of the 30 state-related reports to the hotline.*

As of December 31, 2025, we had resolved directly or by referral one of the 30 state-related reports, as shown in Figure 2. We determined that one report was unfounded, unsubstantiated, or no action was required. As of January 1, 2026, 28 of the 30 state-related reports to the hotline remained under review.

Figure 2

**Status of State-Related Hotline Reports<sup>1</sup>**  
July through December 2025



<sup>1</sup> Status as of December 31, 2025, of the 30 state-related reports received from July 1, 2025, through December 31, 2025.

**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 selected hotline reports that we resolved since the publication of our last semiannual report in July 2025 (report 25-11).

*We found two DOC security staff worked 12-hour shift schedules that did not conform to the schedules that had been approved, which resulted in higher overtime costs.*

We reviewed an allegation related to the Department of Corrections (DOC's) compliance with use of 12-hour shifts for the Sturtevant Transitional Facility. We found two security staff schedules between February 2022 and October 2025 did not conform to the 12-hour shift schedules approved in 2021, which resulted in DOC paying approximately \$20,000 more in overtime than would have been paid annually if the two security staff worked the approved schedules. We recommended that DOC review schedules of other employees assigned to 12-hour shifts, use of 12-hour shifts at all correctional facilities, and report to the Joint Legislative Audit Committee by June 30, 2026. DOC agreed with our finding and recommendations. Additional information, including DOC's corrective action plan and response, is found in the Appendix.





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# Appendix

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## Appendix

### **Finding: Use of 12-hour Shifts at Sturtevant Transitional Facility**

#### ***Background:***

Based on a report to our hotline, we conducted a limited-scope review of the Department of Corrections (DOC's) use of 12-hour shifts to meet staffing needs specifically at the Sturtevant Transitional Facility (STF), which administratively is part of the Racine Correctional Institution. According to DOC information from November 2025, its Division of Adult Institutions (DAI) was responsible for 36 correctional facilities, including 19 adult institutions, and housing 23,400 individuals with 4,500 security staff.

#### ***Criteria:***

DOC relies on establishing employee schedules and use of overtime to ensure that it has sufficient security staff to meet security needs at its correctional facilities, which may include use of 12-hour shifts. In developing schedules for its security staff, DOC policies also incorporate provisions from the *Wisconsin Human Resources Handbook*, which was developed by the Department of Administration's, Division of Personnel Management (DPM), that overtime work be limited to the extent practicable and consistent with agency needs. DPM also provides guidance to agencies that rely on overtime that they should periodically review and evaluate the use of overtime.

DOC does not have detailed policies or procedures that adult institutions must follow in developing security staff schedules. Each adult institution is responsible for completing schedules to ensure that sufficient security staff are available. DOC indicated that adult institutions that use 12-hour shifts to meet security needs must obtain approval from the DOC Secretary.

In 2021, the DOC Secretary approved a request for STF to transition to 12-hour shifts, including a schedule that permitted 36 hours in one week of a pay period and 48 hours in the second week. This schedule also permitted 8 hours of overtime each biweekly pay period.

#### ***Condition:***

We identified two STF security staff who had work schedules that did not comply with the 12-hour shifts approved. The work schedules resulted in 20 hours of overtime each pay period, which was 12 hours more per pay period than the 12-hour shift schedules approved for STF. According to DOC information and the State's payroll system, both STF security staff appeared to have consistently worked the 12-hour shift schedules between February 2022 and October 2025.

#### ***Context:***

We reviewed with DOC how 12-hour shifts were authorized for adult institutions. According to DOC information as of October 2025, 12 of 19 adult institutions used 12-hour shifts or hybrid schedules. We reviewed the state's payroll information for STF security staff between May 2024 and through February 2025 and found 2 of 29 security staff had schedules that appeared inconsistent with the 12-hour shifts authorized for STF and had also recorded a large amount of overtime. We interviewed DOC staff to discuss schedules for the two employees and STF's implementation of 12-hour shifts. We also inquired whether any review of 12-hour shifts at STF had occurred since 12-hour shifts were approved at STF in 2021 or whether DOC had assessed the use of 12-hour shifts at any DAI facility within the last five years.

#### ***Effect:***

As a result of the specific schedules of 12-hour shifts worked by the two security staff we identified, DOC annually paid each staff person approximately \$20,000 more in overtime than DOC would have paid annually if the two security staff had worked the schedule of 12-hour shifts that had been approved.

***Cause:***

We found that DOC did not have policies or procedures to periodically review the schedules assigned to security staff or use of 12-hour shifts. As a result, no reviews of 12-hour shifts had been conducted at STF since they were approved in 2021. Because of our review, DOC assessed the schedules in place for two security staff at STF and found that these schedules did not meet STF’s operational needs. In October 2025, DOC revised the positions and the related schedules to 8-hour shifts.

During the course of our review, DOC began conducting an assessment of the current use of 12-hour shifts at all correctional facilities. However, summary information from this assessment was not available at the time of our review.

**Recommendation**

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*We recommend the Department of Corrections:*

- *review the schedules of all employees assigned to 12-hour shifts to ensure the schedules comply with any approved 12-hour shifts;*
- *review the use of 12-hour shifts at all correctional facilities, including assessing the cost versus benefit of such shifts prior to and after their implementation; and*
- *report the results and actions taken from the review to the Joint Legislative Audit Committee by June 30, 2026.*

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# WISCONSIN DEPARTMENT OF CORRECTIONS

Governor Tony Evers / Secretary Jared Hoy

**DATE:** January 22, 2026

**TO:** Sherry Haakenson, Deputy State Auditor, Legislative Audit Bureau

**FROM:** Anna Neal, Legislative Director, Department of Corrections

**SUBJECT:** Corrective Action Plan

**Finding: Use of 12-hour Shifts at Sturtevant Transitional Facility**

**Planned Corrective Action:** The Department of Corrections, Division of Adult Institutions will take the following action steps as recommended by the Legislative Audit Bureau. Responsible parties and estimated due dates are identified by each action step.

**Recommendation 1:** Review the schedules of all employees assigned to 12-hour shifts to ensure the schedules comply with any approved 12-hour shifts.

Action Step	Responsible Parties	Due Date
Local/site leadership briefing	Division Leadership	February 4 & 5
Identification of all employees approved for 12-hour schedules	Local leadership and HR	February 28
Review HR/Payroll data of each employee approved for 12-hour schedule for scheduling anomalies which do not align with approved schedule	Division leadership, Local Leadership, HR/Payroll	March 31

**Recommendation 2:** Review the use of 12-hour shifts at all correctional facilities, including assessing the cost versus benefit of such shifts prior to and after their implementation.

Action Step	Responsible Parties	Due Date
Conduct review to ensure initial approvals were obtained	Division Leadership	March 31
Review analysis completed by Bureau of Budget and Fiscal Management (BBFM)	Division Leadership/Deputy Secretary	March 31
Incorporate shift schedule review into normal 3-year security audit schedule	Security Chief	March 31
Ensure schedules are reviewed for the following sites in this first 6-month period: SCI, BRCC, JCI, MWCC, TCC	Security Chief	April - June
Create procedure related to the ongoing approval and monitoring of 12-hour shift schedules	Division leadership	June 1

**Recommendation 3:** Report the results and actions taken from the review to the Joint Legislative Audit Committee (JLAC) by June 30, 2026.

<b>Action Step</b>	<b>Responsible Parties</b>	<b>Due Date</b>
Track progress of action steps	Division Leadership	January - June
Submit action plan progress/results to Office of the Secretary (OOS)	Division Leadership	June 1
Draft and submit report to Joint JLAC	Legislative Advisor	June 30



# WISCONSIN DEPARTMENT OF CORRECTIONS

Governor Tony Evers / Secretary Jared Hoy

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**DATE:** January 22, 2026

**TO:** Sherry Haakenson, Deputy State Auditor, Legislative Audit Bureau

**FROM:** Anna Neal, Legislative Director, Department of Corrections

**SUBJECT:** Response to LAB Memo: 12-hour Shifts at Sturtevant Transitional Facility

Thank you for communicating the preliminary findings and recommendations from LAB's limited-scope review regarding the use of 12-hour shift schedules at Sturtevant Transitional Facility (STF). We understand the limited-scope review was conducted based on a report to the LAB hotline regarding two specific employees at STF who were not working the same 12-hour schedules as originally approved.

The Department finds the use of alternative scheduling to be a very beneficial tool in not only managing operations, but also being responsive to our workforce in offering alternative scheduling options to promote greater work/life balance and reduce burnout. However, alternative schedules such as 12-hour shifts do not work for every facility or in every scenario. This is why the Department ensures schedule change proposals go through both Division leadership and the Office of the Secretary when contemplating schedules outside of the traditional 8-hour framework. The Department does not have an official policy on the topic and ongoing reviews are localized to the site. For example, GBCI has used 12-hour shifts for several years, but after reviewing to determine if they meet the ongoing operational needs of the facility, a decision was made to revert back to 8-hour shifts beginning in 2026. A more formalized review process is something the Department will work on creating over the next several months.

Additionally, your recommendations suggest a complete review of the schedules and usage of 12-hour shifts which the Department will commit to completing. It is important to note, upon review of the two employee's schedules, Division leadership determined the schedules did not meet the operational needs of the facility or align with their original approval, and the appointing authority of the facility ended the schedules promptly. Divisional Leadership also reviewed to ensure no other employees were working similar schedules, and found the matter was limited to just the two employees named.

As previously discussed, a referral was made to the Division of Management Services, Bureau of Budget and Fiscal Management (BBFM) to complete an analysis of 12-hour shifts in the Division of Adult Institutions (DAI). The Administrator is reviewing the data provided by BBFM to ensure we are capturing information that is useful when making decisions on new or existing schedules.

Finally, you recommend reporting results or actions taken to the Joint Legislative Audit Committee (JLAC) by June 30, 2026. The Department will submit a report by the due date.

Thank you for bringing this matter to our attention. The Department demonstrated its commitment to resolving the matter by swiftly ending the schedules for the two employees in question and committing to reviewing the overall usage. Per your request, attached you will find an initial draft action plan which will be used by the Division. This plan was created quickly to accommodate the timeline requested and may be subject to modifications as the Division works through the next steps with their review.

Please do not hesitate to contact me if you have any questions. Thank you.