

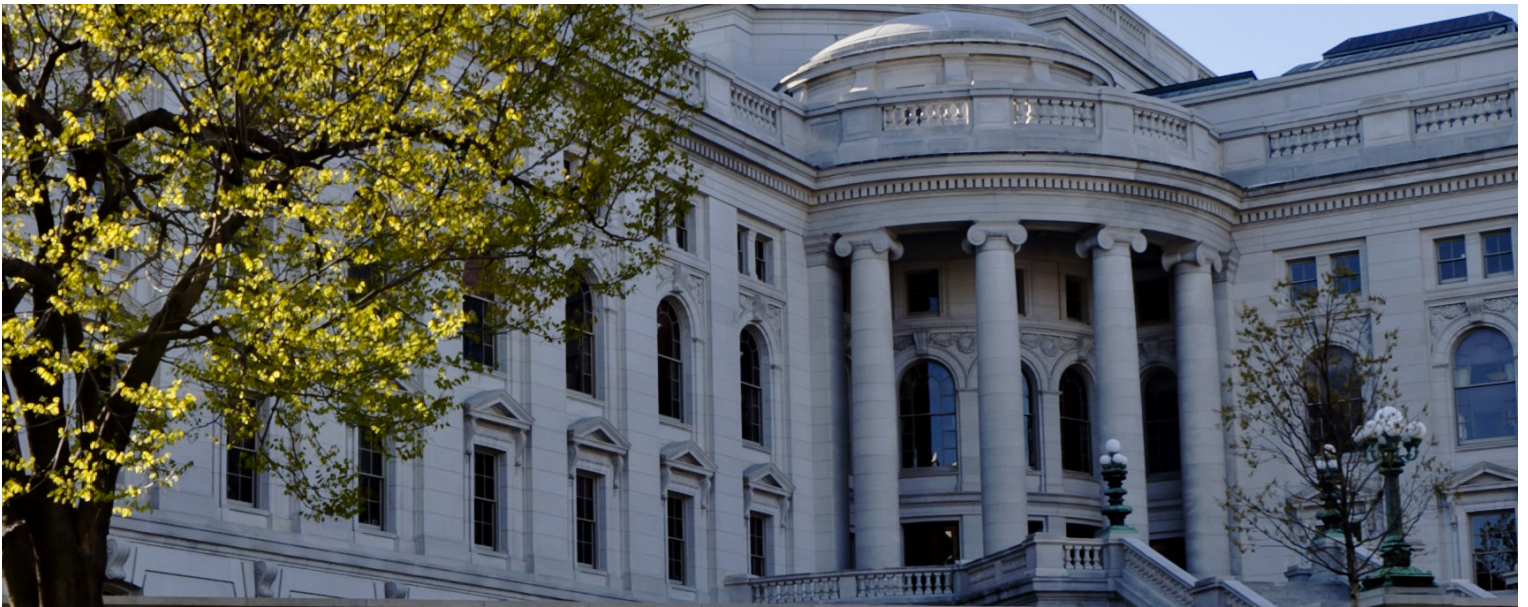


STATE OF WISCONSIN
Legislative Audit Bureau
NONPARTISAN • INDEPENDENT • ACCURATE

Report 25-11
July 2025

Fraud, Waste, and Mismanagement Hotline

Semiannual Report: January 2025 – June 2025



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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

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July 16, 2025

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 June 30, 2025, we received 1,730 reports. From January 1, 2025, through June 30, 2025, we received a total of 54 reports, including 21 that were state-related. We highlight findings related to selected hotline reports that we resolved since the publication of our last semiannual report (report 25-03).

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

***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.

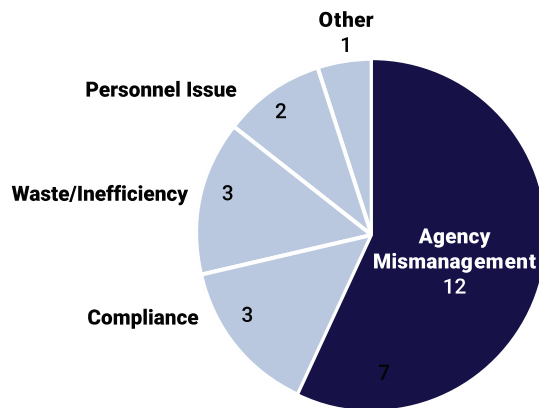
January through June 2025 Hotline Activity

From January through June 2025, we received a total of 54 reports.

Since the inception of the hotline and through June 30, 2025, we received 1,730 hotline reports alleging fraud, waste, and mismanagement. We received a total of 54 reports from January 1, 2025, through June 30, 2025. Of these 54 reports, 21 reports (38.9 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 Government¹ January through June 2025



¹ Includes 21 state-related reports received from January 1, 2025, through June 30, 2025.

As shown in Figure 2, we placed each state-related hotline report into one of three categories as of June 30, 2025. These categories are:

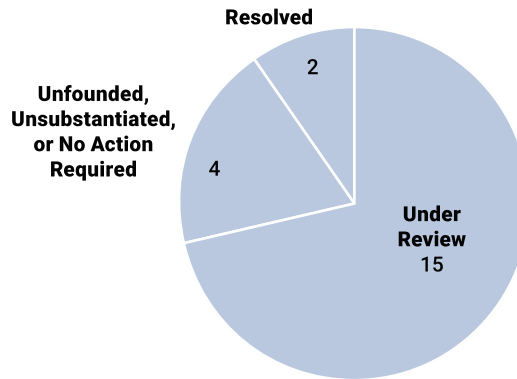
- resolved, which includes actions taken such as internally researching relevant information, conducting fieldwork with relevant agencies, or referring the matter for review by an agency;
- unfounded, unsubstantiated, or no action required, which includes a determination that the reported allegation 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 June 30, 2025,
we had resolved 2 of the
21 state-related reports
to the hotline.***

As of June 30, 2025, we had resolved directly or by referral 2 of the 21 state-related reports, as shown in Figure 2. We determined that 4 reports were unfounded, unsubstantiated, or no action was required. As of July 1, 2025, 15 of the 21 state-related reports to the hotline remained under review.

Figure 2

Status of State-Related Hotline Reports¹
January through June 2025



¹ Status as of June 30, 2025, of the 21 state-related reports received from January 1, 2025, through June 30, 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 findings related to selected hotline reports that we resolved since the publication of our last semiannual report in January 2025 (report 25-03).

***We found DOA did not make
statutorily required transfers
to the Local Government
Fund in accordance with
timelines established in
statutes.***

We reviewed an allegation related to the Department of Administration (DOA's) compliance with statutorily required transfers from the General Fund to the Local Government Fund during fiscal year (FY) 2024-25. We found DOA did not make required transfers in accordance with timelines established in statutes and, as a result, DOA exceeded its statutory authority in temporarily making cash available to the Local Government Fund in November 2024 when there were insufficient balances to cover expenditures. We communicated this issue to DOA in a memorandum in June 2025.

We found certain state agencies did not comply with certain mandatory statewide contracts for furniture purchases.

We reviewed an allegation related to state agency compliance with certain mandatory statewide contracts for furniture purchases. In our review, we found that certain state agencies did not follow state procurement requirements for a small number of furniture purchases we reviewed. The agencies used a state purchasing card to exercise discretionary procurement authority delegated to them by DOA. We communicated this issue to DOA in a memorandum in June 2025.

We found DWD did not comply with certain administrative code provisions or enforce contractual provisions for the Business Enterprise Program in FY 2022-23 and FY 2023-24.

We reviewed two allegations related to the Business Enterprise Program, which was established by the Department of Workforce Development (DWD). Through the program, DWD owns, leases, manages, supervises, and provides consultative services to or operates businesses for the benefit of blind persons with an objective of enabling blind persons to operate their own businesses. We found that DWD did not comply in FY 2022-23 and FY 2023-24 with certain administrative code requirements and adequately monitor, request, and maintain documentation required under its contract with the long-term program contractor. We also found DWD did not follow up with the contractor when reports were not submitted as required by the contract. As result, DWD cannot be assured that the program operators made all required payments or that program operators appropriately safeguarded the equipment that was acquired for their use. We communicated this issue to DWD in a memorandum in July 2025.

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