



STATE OF WISCONSIN
Legislative Audit Bureau
NONPARTISAN • INDEPENDENT • ACCURATE

Report 25-03
January 2025

Fraud, Waste, and Mismanagement Hotline

Semiannual Report: July 2024 - December 2024



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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

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January 31, 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 December 31, 2024, we received 1,676 reports. From July 1, 2024, through December 31, 2024, we received a total of 59 reports, including 28 that were state-related. We highlight selected hotline activities since the publication of our last semiannual report (report 24-8).

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/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 at 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.

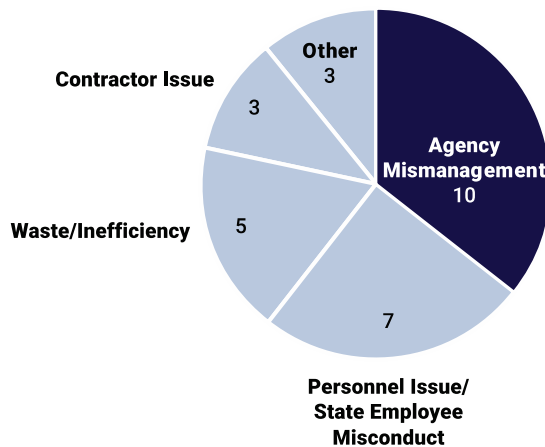
July through December 2024 Hotline Activity

From July through December 2024, we received a total of 59 reports.

Since the inception of the hotline, we have received 1,676 hotline reports alleging fraud, waste, and mismanagement. We received a total of 59 reports from July 1, 2024, through December 31, 2024. Of these 59 reports, 28 reports (47.5 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 Government¹ July through December 2024



¹ Includes 28 state-related reports received from July 1, 2024, through December 31, 2024.

As shown in Figure 2, we placed each state-related hotline report into one of three categories as of December 31, 2024. These categories are:

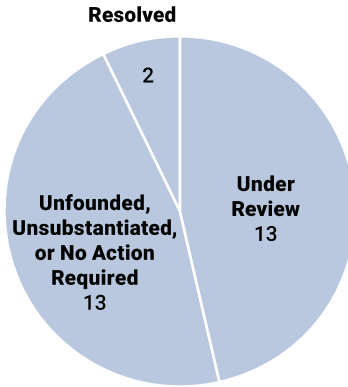
- resolved, which includes actions taken such as internally researching relevant information, conducting fieldwork with relevant agencies, or referring the matter for review by an agency;
- unfounded, unsubstantiated, or no action required, which includes a determination that the reported allegation 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, 2024, we had resolved 2 of the 28 state-related reports to the hotline.

As of December 31, 2024, we had resolved directly or by referral 2 of the 28 reports to the hotline that were state-related, as shown in Figure 2. We determined that 13 reports were unfounded, unsubstantiated, or no action was required. As of January 1, 2025, 13 of the 28 state-related hotline reports remained under review.

Figure 2

Status of State-Related Hotline Reports¹
July through December 2024



¹ Status as of December 31, 2024, of the 28 state-related reports received from July 1, 2024, through December 31, 2024.

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 July 2024 (report 24-8).

We reviewed an allegation that a Department of Children and Families (DCF) employee was regularly absent on work days. In June 2024, we referred the matter to the Department of Administration’s Division of Personnel Management (DPM) for review. DPM’s review did not substantiate that work rule violations occurred, but did take steps to address observations from the investigation, including by working with relevant DCF supervisory staff to improve the enforcement of existing policies and by updating a work schedule agreement with the employee in August 2024.

In report 23-10 we reported several concerns we identified with management decisions and board activities of the Fox River Navigational System Authority (Authority), including concerns with maintaining the lock system, Authority personnel management, open records laws, and open meetings law compliance. We also recommended

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that the Authority and the Department of Administration (DOA) report to the Joint Legislative Audit Committee on steps taken to implement our recommendations for improvements.

We have continued to monitor the implementation of our recommendations. Subsequent to July 2023, the Authority updated personnel and financial policies and reported that it had implemented other changes to address the recommendations. In addition, a new operating agreement between DOA and the Authority was executed in October 2023, and a strategic plan was approved in August 2024 to address long-range plans for maintaining the lock system.

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