

**The Milwaukee County
Fraud Hotline**

Presented Wednesday, April 9, 2008
MIAF Spring 2008 Meeting
Indianapolis, Indiana

Milwaukee County Fraud Hotline

- Established in 1994 by County Board Resolution
- Mechanism for reporting fraud, waste or abuse in County government
- Callers can remain anonymous

Milwaukee County Fraud Hotline

- Results reported annually to County Board
- Savings to date: \$3.2 million direct; \$6.4 million total (estimated)
- Many intangible benefits

Callers can Remain Anonymous

- Cautionary Tale: Guarantee of Anonymity meets the District Attorney's Office
- Assign an ID number for callbacks
- Whistleblower protections?
 - ◆ Complex area of the law
 - ◆ Proceed with caution

Case Initiation Process

- Case intake form to obtain problem description and as much detail as possible
- Dedicated CPA/CFE takes calls; support staff backup; tape machine after hours
- ID number option for anonymity; all conversations are recorded
- Request callback in two weeks for additional info

Case File Documentation

- Intake form and tape transcript maintained
- No formal workplan
- Same standards of evidence as normal audit work (source documents, verify interview information, etc.)
- Original documents occasionally required
- Departmental response maintained in file
- CFE may provide expert testimony
- Official court record maintained in case file
- Confidentiality = uncharted waters

Report Results Annually

- Accountability: What gets measured gets done
- County Board Resolution requires departmental cooperation and annual reporting of results
- We require written response indicating corrective action from departments within 15 days
- Referral to DA when criminal activity suspected

Milwaukee County Hotline Savings

1994 = \$169,500	2000 = \$282,500
1995 = \$183,000	2001 = \$238,000
1996 = \$0	2002 = \$124,000
1997 = \$17,000	2003 = \$2,500
1998 = \$182,500	2004 = \$1,249,000
1999 = \$94,500	2005 = \$155,635
2006 = \$389,123	2007 = \$131,897

Total Direct = \$3,219,322

Total Direct/Indirect = \$6,438,644

Intangible Benefits

- Someone's Watching
Deterrent effect, both internal/external
- Someone Cares
Public message: 'zero tolerance' to fraud, waste and abuse

	<h3>Intangible Benefits</h3> <ul style="list-style-type: none"> ■ Beneficial Contacts DA, police/sheriff, state/federal data sources, corporate security staff ■ Future Audit Project Leads Hotline tips often point to areas in need of review
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	<h3>Case Highlights</h3> <ul style="list-style-type: none"> ■ Case of the Firehouse Fitness Faux Pas ■ Case of the Ambitious Analyst ■ Case of the Soaring Salary Schedule ■ Case of the Pilfered Payroll Pile
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	<h3>Case of the Firehouse Faux Pas</h3> <ul style="list-style-type: none"> ■ Purchase order kickback scheme. ■ Fraudulent purchase orders for airport janitorial/cleaning supplies. Airport employee used bogus p.o.'s to finance fitness equipment for airport firefighters, other equipment. ■ Total , \$5,000. Convicted of Class E felony, misconduct of a public official. Terminated, 1 year in prison. ■ Supplier not prosecuted but banned from future County contracts.
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Case of the Ambitious Analyst

- Fraudulent billing scam.
- Highly successful psychologist (appeared on Oprah).
- Examples of fraudulent billings:
 - ◆ billed for multiple sessions in same time period for troubled youths.
 - ◆ parents disputed sessions; some billings for incarcerated youths.
 - ◆ Dr. was on Caribbean vacation while billing for five 10-hour days.
 - ◆ double-dipped--billed County and Title 19.

Case of the Ambitious Analyst (continued)

- \$94,000 fraudulent billings to County, \$500,000 to State/Federal Title 19 documented.
- Convicted of felonies; restitution and 6 years in prison.

Case of the Soaring Salary Schedule

- Non-profit agency/Special Needs Child Care.
- Contract administrator noticed 50% increase in salaries allocated to this program.
- More than \$500,000 in undocumented services, duplicate billings, excessive administrative fees.
- Executive Director created documentation to support bogus salary allocations (no time records).

Case of the Soaring Salary Schedule (continued)

- County was billed 100% of salaries for several employees with no program involvement.
- Agency went on attack; offered post-investigation employee surveys. Auditors failed to understand “complex, integrated nature” of services.
- Entire Board and Executive Director resigned; repayment schedule established.

Case of the Pilfered Paycheck Pile

- Poor internal controls over payroll distribution.
- Stack of paychecks for seasonal workers left unattended.
- Dept. of Audit’s routine Bank Reconciliation process identified a \$300 discrepancy between book figure and bank statement.

Case of the Pilfered Paycheck Pile (continued)

THE BACK OF THIS DOCUMENT CONTAINS AN OPTICAL WATERMARK HOLD AT AN ANGLE TO VIEW


COUNTY OF MILWAUKEE
ACCOUNT NO. 98 - PAYROLL
MILWAUKEE, WI 53205
1181354

DATE 09-03-98 AMOUNT ***17.38
FOUR HUNDRED SEVENTEEN DOLLARS AND THIRTY-EIGHT CENTS*****

PAY TO THE ORDER OF SHAIN, ALLEN 9500 001181354
1329 N 22ND ST
MILWAUKEE WI 53205

FIRST STAR BANK, MILWAUKEE, N.A.
MILWAUKEE, WISCONSIN

1181354 0750000220 11850 251 0000041738



The National Association of Local
Government Auditors issues this

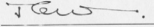
Special Project Award—Honorable Mention

to

**Milwaukee County, Wisconsin
Department of Audit**

for its Special Project Report entitled

**Audit Hotline and Audit Activity Addressing Potential Fraud,
Waste, and Abuse**


Jeff Griffiths
N.A.L.G.A. President

May 24, 2004
N.A.L.G.A. Annual Conference
Richmond, Virginia

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- Milwaukee County Board of Supervisors
