

**COUNTY OF MILWAUKEE**  
**Inter-Office Communication**

**Date:** October 8, 2012

**To:** Chairwoman Marina Dimitrijevic, Milwaukee County Board of Supervisors

**From:** Scott Manske, Comptroller

**Subject:** Protocols of the Office of the Comptroller (File No. 12-245)

BACKGROUND

At the May 17, 2012 meeting of the Committee on Finance and Audit, the Committee reviewed a report and Ordinance revisions to implement the new Office of the Comptroller. The Comptroller's Office was created in 2011 Wisconsin Act 62. Discussion of the establishment of the new function included a request from the Committee that the Comptroller report back prior to October 1, 2012 to share policies and procedures on how he intends to meet the responsibilities of the office.

ANALYSIS

The primary concerns discussed at the May 17 meeting were the role of the Comptroller in providing fiscal notes, fiscal analysis and audit services. In general, the other functions of the office (see attached list of statutory duties) will be addressed with either existing staff or procedures or with enhanced coordination between the Office of the Comptroller and the Department of Administrative Services Fiscal Services Division.

Fiscal Notes

Wisconsin Statutes 59.255(g) states that the Comptroller shall provide the County Executive and County Board with a fiscal note for all proposed legislation. In addition, Milwaukee County Ordinance section 1.10 requires that a fiscal note be attached to all resolutions and ordinances. The Ordinance also requires that the fiscal note be reviewed per the policies established by the Comptroller and that it be on a form supplied by the Comptroller. According to a February 17, 2012 opinion by Corporation Counsel:

"With respect to methodology, the statute requires that the Comptroller "provide" a fiscal note. However, the statute does not require that the Comptroller's office actually draft the fiscal note. Current county practice allows fiscal notes to be drafted by various individuals and then approved by the Department of Administrative Services. There is no readily apparent reason to prevent the Comptroller from fulfilling the responsibility for fiscal notes in a similar manner. The Comptroller's approval of a fiscal note prepared by another individual, whether that individual works in the Comptroller's office or elsewhere in the county, would constitute the "provision" of a fiscal note."

Fiscal Analysis

Wisconsin Statutes 59.255(g) also requires that, whenever requested to do so by the County Executive or Board, the Comptroller shall provide independent analysis of any matter affecting the County. As with the review of fiscal notes, management of workflow will require cooperation and judgment on the part of all affected parties. There will be instances where the Comptroller's Office will independently prepare analysis with limited input from other parties. There will be other instances where the primary role of the Comptroller will be to provide an independent review of analysis prepared by other parties.

One example of this approach is due diligence reports. A department that is originating a public private initiative governed by the due diligence ordinance section is in a better position to address all of the fiscal and non-fiscal elements of their proposal. Further, according to 32.88(2) "Any Milwaukee County agency considering a venture with a non-county entity is responsible for ensuring that all relevant provisions of this section are addressed subject to Department of Administrative Services - Fiscal Affairs Division review. "



The Comptroller, on the other hand, is positioned to independently review the fiscal aspects of due diligence reports. The primary challenge will be the need to allow for adequate time to conduct the review. The Comptroller and the Department of Administrative Services will work together to evaluate County Ordinance and administrative policy on Due Diligence. To that end, it will be important for administrators to involve the Comptroller as early in the process as possible so that an appropriate work plan and timetable can be developed, especially related to any debt issues.

Over the next few years, we will closely with administrators to ensure that all parties know the process which will be followed to provide policy makers with fiscal analysis.

### Audit

Work assignments for the Department of Audit have been handled in a number of ways, including: directive of the County Board, directive of the County Board Chairman, Committee requests, initiative of the Department of Audit, and requests from various other sources. 2011 Wisconsin Act 62 transfers Milwaukee County audit functions to the new position of Comptroller. As a result, the following process will govern the prioritization of work assignments for the Comptroller's Division of Audit (in descending order of priority):

**Directive of the Comptroller** – The Division of Audit reports to the Comptroller and, in keeping with this, audit work is done as directed by the Comptroller.

**Request of the full County Board** – Milwaukee County Ordinance Section 1.11(c) (2) states that the Committee on Finance, Personnel and Audit has responsibility for Office of the Comptroller policy. As such, audits are initiated by the County Board via resolution presented to the Finance, Personnel and Audit Committee. Audits also are requested through County Board budget amendments or concurrence with audits initiated in the County Executive's Recommended Budget.

**Committee Requests** – Requests for audit work that do not entail full-scale audit efforts are received via the Finance, Personnel and Audit Committee from other standing committees of the County Board.

**Initiative of the Division of Audit** – In an effort to assure County-wide audit coverage and respond to general areas of concern and interest to the County, audits are conducted as deemed appropriate in the judgment of the Director of Audits in consultation with the Comptroller or the Finance, Personnel and Audit Committee. Such audits may be conducted in response to requests by administrators responsible for County departments.

**Other** – Fraud hotline contacts, citizen inquiries, requests by state and federal authorities, and referrals from law enforcement officials also prompt audit work.

### OTHER MATTERS

In addition to County Board involvement in the audit process, the May 10, 2012 staff report also discussed revenue estimates and fiscal independence.

#### Revenue Estimates

The Office of the Comptroller will prepare a baseline revenue report at the end of 2012. In future years, the report will be updated.

#### Fiscal Independence

Three concerns were raised about the independence of staff providing fiscal analysis:

- the employment status of "at-will" analysis and the desirability of civil service status as an alternative;
- the "DAS Model" which was created 10 years ago to streamline and standardize fiscal process by deploying DAS budget staff to operating departments; and
- application of the "DAS Model: to accounting positions.

We recommend the following approach to these matters:

Employment Status – independence could be strengthened by placing fiscal, policy, program and management analysts in civil service positions.

DAS Model for Budget Staff – consideration should be given to assigning staff to operating departments. As the Comptroller's Office undertakes the goal of holding departmental administrators responsible for fiscal performance, it will be constructive to have key fiscal staff reporting to those administrators.

DAS Model for Accounting Staff – at this time, we have no recommendation for any changes in the reporting line for accountants employed by Milwaukee County. As we continue to build the Comptroller's Office staffing and implement 2011 Act 62, we may re-visit this conclusion.

Please refer this memo to the Committee on Finance, Personnel and Audit.



Scott Manske

SM/cah

cc: Chris Abele, Milwaukee County Executive  
Milwaukee County Board of Supervisors  
Amber Moreen, Chief of Staff, Milwaukee County Executive's Office  
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## KEY PROVISIONS OF MILWAUKEE COUNTY COMPTROLLER LEGISLATION

The Office of the Comptroller which was created by 2011 Wisconsin Act 62 ("Act 62") defines the duties and responsibilities of the Comptroller as:

### **Chief Financial Officer and Debt (Wis. Stats. 59.255(2)(a))**

*The comptroller is the chief financial officer of the county, and the administrator of the County's financial affairs. The comptroller shall oversee all of the county's debt.*

### **Financial Reporting Wis. Stats. 59.255(d)**

*Each month, at the County Board's first meeting, the comptroller shall report to the board and the county executive, in writing, the condition of the county's outstanding contracts and of each of the county's funds and the claims payable from the funds. The comptroller shall also file with the county executive and the board each year on or before October 1 a certified and detailed statement of the receipts and disbursements on account of each fund of the county during the preceding fiscal year, specifying the source of each receipt and the object of each disbursement, and also an estimate of the receipts and disbursements for the current fiscal year.*

### **Countersign All Contracts Wis. Stats. 59.255(e)**

*The comptroller shall countersign all contracts with the county if he or she determines that the county has, or will have, the necessary funds to pay the liability that the county may incur under the contract. No contract is valid until so countersigned.*

### **Monitor Treasurer's Accounts Wis. Stats. 59.255(f)**

*At least monthly the comptroller shall examine the treasurer's accounts as reported and as kept, and shall report to the county executive and board as to their correctness and as to any violation by the treasurer of the treasurer's duty in the manner of keeping accounts or disbursing moneys.*

### **Fiscal Analysis and Fiscal Notes Wis. Stats. 59.255(g)**

*Whenever requested to do so by the county executive or board, the comptroller shall provide an independent fiscal analysis of any matter affecting the county, and shall provide the county executive and board with a fiscal note for all proposed legislation.*

### **Five Year Financial Forecast Wis. Stats. 59.255(h)**

*Annually, the comptroller shall prepare a written 5-year financial condition forecast for the county, which shall be distributed to the county executive and the board.*

### **Audit Wis. Stats. 59.255(i)**

*The comptroller shall perform all audit functions related to county government. The comptroller shall also have the duties and all the powers and responsibilities conferred upon the clerk as auditor under s. 59.47 (1), and shall perform any additional duties and shall have any additional powers as are imposed and conferred upon him or her from time to time by resolution adopted by the board. Audit functions under this paragraph shall be performed in accordance with governmental auditing standards issued by the comptroller general of the United States and generally accepted auditing standards.*

### **Shared Service Contracts Wis. Stats. 59.255(j)**

*The comptroller shall administer and oversee all shared services contracts.*

### **Annual Pension Obligation Bond Report Wis. Stats. 59.85(2)(d)(2) (Intro)**

*Annually, the county comptroller under s. 59.255 shall submit to the governor, the department of revenue, and the department of administration, and to the chief clerk of each house of the legislature, for distribution to the legislature under s. 13.172 (2) a report that includes all the following:*