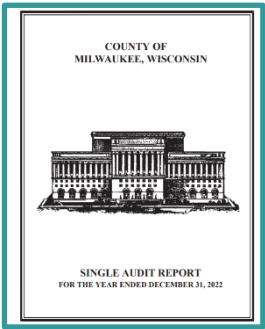


Jennifer L. Folliard, Director of Audits
Molly Pahl, Deputy Director of Audits

CHAPTER II—OFFICE OF MANAGEMENT AND
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County Needs to Establish Clear
Roles, Responsibilities, and
Procedures for Grant
Management



December 2024

PROJECT STAFF

Audit Team
Bruce Landrum, Jr.
Diana Xiong
Sandra Swan



Review Staff
Paul Grant, CPA
Matthew Hart, CFE

Administrative Staff
Cheryl A. Hosp



Office of the Comptroller
Audit Services Division

Milwaukee County

Jennifer Folliard, Director of Audits
Molly Pahl, Deputy Director of Audits

To the Honorable Chairwoman
of the Board of Supervisors
of the County of Milwaukee

December 17, 2024

We have completed an audit, *County Needs to Establish Clear Roles, Responsibilities, and Procedures for Grant Management*.

We found that the County does not have clearly defined roles and responsibilities for post grant award financial management. At the conclusion of our fieldwork the County did not have a comprehensive grant financial guide; however, AMOP 7.01, which creates a Federal Grants Management policy was released in October of 2024 by the Comptroller's Office. In the County's financial system, the County does not currently track grant expenditures by code nor deploy the grant module. Many of the County's policies and procedures are either not written or if written not current and there is no centralized location for staff to find guidance that does exist. The County's annually issued Single Audit Report process lacks written procedures that leave the County at risk for failure to report all required funding.

We recommended that the Comptroller, SBP, and DAS work to determine roles and responsibilities for post grant award activities, determine how best to centrally locate the County's financial guidance, and produce a list of unallowable costs for County non-grant funds. We also recommended that the Comptroller develop and implement relevant policies and procedures including the use of coding or the grant module within the County's financial system to track grants. Since the Comptroller expressed additional staff may be required for the office to provide centralized financial grant management functions and ensure the County becomes and remains in compliance with the Uniform Guidance, we recommend the Comptroller evaluate the need for additional staff and submit a request to the County Board if needed.

We appreciate the cooperation extended by management and staff. Please refer this report to the Committee on Audit.

Jennifer L. Folliard
Director of Audits

JLF/mrp



cc: Liz Sumner, Milwaukee County Comptroller
David Crowley, Milwaukee County Executive
Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors
Milwaukee County Board of Supervisors
Joe Lamers, Director, Strategy, Budget, and Performance
Aaron Hertzberg, Director, Department of Administrative Services
David Cullen, Milwaukee County Treasurer
Kelly Bablitch, Chief of Staff, County Board Staff
Steve Cady, Research & Policy Director, Office of the Comptroller
Janelle Jensen, Legislative Services Division Manager, County Clerk's Office



REPORT HIGHLIGHTS – November 2024

Why We Did This Audit

The former Comptroller raised a concern that the County may not follow major aspects of the Uniform Guidance for federal financial assistance particularly regarding a potential lack of written documentation of financial policies and procedures. In addition, he felt that the County's grant management, from application to completion, did not align with best practices such as those published by the Government Financial Officers Association. He requested an audit of the County's grant procedures and alignment with requirements within the Uniform Guidance.

What We Found

- Due to changes both in State law and the County's organizational structure, the roles, and responsibilities at the County for post-grant awards are unclear. Three departments at the County have varying countywide grant responsibilities.
- Existing Administrative Manual of Procedures (AMOP) that include guidance on the grant acquisition process have not had their scheduled review and update and two out of the three procedures incorrectly list a responsible department that no longer oversees the grant acquisition process.
- The County does not have a centralized location where staff can find all financial guidance materials. Currently, the guidelines are found in: State Statutes, County Ordinances, AMOPs, the Forms Library, Financial System Guides, Strategy, Budget and Performance Self Service Center, the Learning Management System's training videos, and Comptroller memos.
- In the Fall of 2024, after the conclusion of our fieldwork, the Office of the Comptroller issued Federal Grants Management and Allowable Costs policies as part of the process to obtain Federal Negotiated Indirect Cost Rate Agreement. The County does not have guides for overall non-grant financial actions nor allowable costs. There is not currently written countywide guidance on how to monitor subrecipients of state and federal funding.
- The County's Cash Handling Procedure was last updated in 2000. While the County's Procurement guidelines align with the Uniform Guidance, there is no process in place to ensure as changes to the Uniform Guidance occur that the County makes the corresponding updates.
- The bi-annual Fixed Asset report does not currently align with Uniform Guidance requirements and the ordinance governing the process lists a responsible department that has not existed at the County since 2003.
- The required annual Single Audit Report that comprises the listing of all state and federal grant awards was found to have a lack of written procedures to prepare the listings. The Office of the Comptroller issued a memo identifying departmental roles in the Single Audit Report. In its financial system, the County does not assign coding to identify grant expenditures nor employ the Grant Module. The Comptroller signs grant awards but does not use this process to help develop of listing of County grants.

What We Recommended

- Rec #1 - SBP review the grant acquisition AMOPs and update them to reflect current processes and responsible department.
- Rec #2, 3, & 6 - The Comptroller, SBP and DAS work together to determine roles, responsibilities, and processes for grant management, develop an AMOP for unallowable costs for Milwaukee County, and determine how best to centralize the County's financial guidance.
- Rec #4 - The Comptroller review the newly issued Federal Grants Management policy for alignment with the Uniform Guidance and to establish training for departments on the financial guides.
- Rec #5 - The Comptroller explore the implementation of coding for grants or use of the grants module and provide training to departments.
- Rec #7 - DAS Procurement establish a process to periodically review that the County remains in compliance with the Uniform Guidance.
- Rec #8 & 9 - The Comptroller update the ordinance on fixed assets to reflect current responsibility and develop policies and procedures to instruct departments on the required Uniform Guidance information for fixed assets.
- Rec #10 - The Comptroller develop an AMOP for Cash Handling at Milwaukee County with assistance from the Treasurer.
- Rec #11 - The Comptroller develop and issue guidelines for monitoring subrecipients.
- Rec #12 - The Comptroller develop written policies and procedures to create a log of signed grant agreements.
- Rec #13 - The Comptroller convert their memo on departments' role for the Single Audit Report into an AMOP.
- Rec #14 - The Comptroller submit any related staffing needs to the County Board for review and approval to ensure the County becomes and remains in compliance with the Uniform Guidance.



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Page 19	Section 2: Countywide Grants Procedures Issues. While the County did not have written guidance on compliance with the Federal grant policies as of the completion of our fieldwork, draft policies were submitted and approved by the AMOP committee in October of 2024. Many County policies need to be updated, reviewed, and released to staff to provide guidance.
Page 32	Section 3: Single Audit The County is required to annually publish the Single Audit Report which contains the County's Schedule of Expenditures for Federal & State Awards and compliance reports. Failure to report a grant in the Single Audit Report for 2021 led to the finding of a material weakness for the County.
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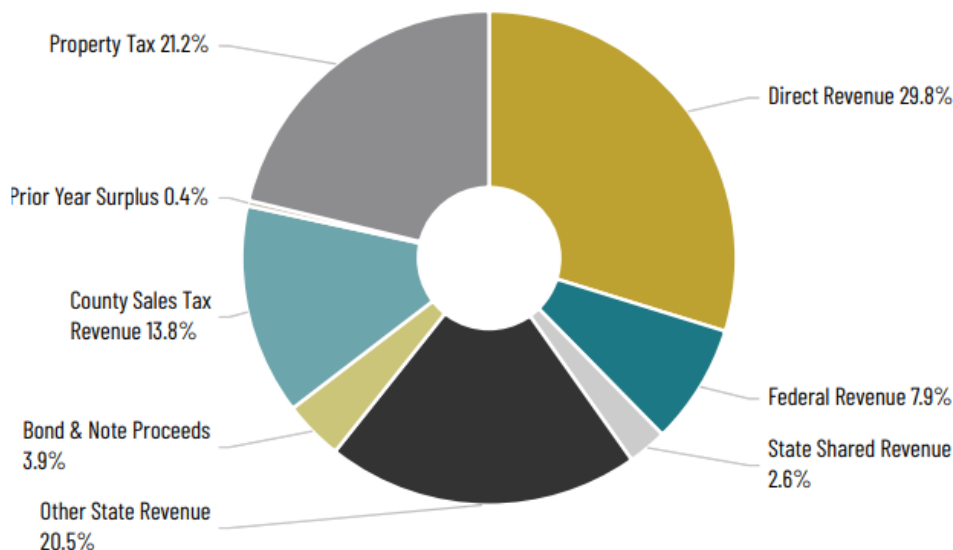


BACKGROUND

Milwaukee County is a large governmental entity that serves a population of just under a million residents. The County provides a variety of services to its community including social services, the bus system, the airport, the zoo, and the County parks. To fund these services the 2024 \$1.4 billion Adopted Budget estimated Milwaukee County would collect outside revenue of \$1.1 billion with the remaining costs covered by property taxes. Of the total revenue excluding property taxes, approximately 31% or \$335 million was state and federal funds and did not include the American Rescue Plan Act (ARPA) funds. According to the 2023 Single Audit Report, Milwaukee County received over \$343 million in state and federal funds. Figure 1 shows the distribution of revenue at the County as anticipated in the 2024 Adopted Budget.

Figure 1

Composition of 2024 Budgeted Countywide Revenues



Source: 2024 Adopted Budget. Numbers are rounded.

Receiving and maintaining a substantial amount of state and federal revenue requires the County to follow federal provisions regarding revenue including the annual completion of a Single Audit Report. A large portion of the state revenue received by the County is pass through funding from the federal government which results in those funds also requiring County compliance with federal provisions. There are two main types of federal grants: competitive and formula grants. Competitive grants allow for the federal agency to select recipients through a competitive grant process while formula grants are awarded to recipients that meet predetermined conditions.

Between 2009 and 2011, the Office of the President directed the Office of Management and Budget (OMB) to evaluate potential revisions to Federal grant policy. In December of 2014,



the OMB officially implemented the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. The publication is commonly referred to as the Uniform Guidance or 2 CFR 200. It is a government wide framework for grants management and provides a set of rules and requirements for federal awards that combined and replaced earlier OMB circulars. The Uniform Guidance is a 153-page document and contains an additional 596 pages of federal agency specific regulations for grants and agreements. There are 33 agencies listed who have published additional regulations.

Annually, OMB issues *A Compliance Supplement* that identifies existing compliance requirements that the federal government expects to be considered as part of the Single Audit framework. The supplement provides information for auditors to understand Federal programs' objectives, procedures, and requirements subject to the audit. Auditors must consider the Supplement, the referenced laws, regulations, OMB Circulars, and 2 CFR Part 200 in determining the compliance requirements subject to the audit that could have both a direct and material effect on the programs. The supplement issued in 2023 was over 2,000 pages in its entirety.

The Government Financial Officers Association (GFOA) developed guidance for entities to assist in their grant compliance. GFOA states that governments should document accounting policies and procedures and have them readily available to all employees. There should be an appropriate level of management and authority. GFOA recommends that the policies and procedures manual should be in a searchable, electronic format and available on the employee portal or intranet site. In addition, the documentation of financial and accounting policies and procedures should be evaluated and updated periodically. GFOA recommends the manual contain the following information:

- A date stamp of the last update.
- A list of key control activities and delineation between authority and responsibility of all employees, especially the authority to authorize transactions and the responsibility for the safekeeping of assets and records.
- A description of which employees (by title, as well as the identity of incumbents) are assigned to perform which procedures.
- A reference to any board policy that requires a step in the procedure.
- A practical, step-by-step explanation of how procedures should be performed rather than descriptions of controls that are vague or stated in an idealized form.
- Written as directly and succinctly as possible. Highly detailed step-by-step instructions, while necessary for employees to perform their job assignments, should not be included in the policies and procedures manual.
- Explain the design and purpose of control-related procedures to increase employee understanding of and support for controls.

Milwaukee County receives a significant amount of federal and state funding that provides services to vulnerable populations that have been historically disproportionately impacted. The loss of the grants funds at Milwaukee County would have considerable community impact. Examples of the type of grant funding received by Milwaukee County include but are not limited to:

- Community Development Block Grants
- HUD programs including rent and energy assistance



- Domestic violence prevention grants
- Grants for Aging, Individuals with Disabilities and Behavioral Health
- Paratransit

The former Comptroller raised a concern that the County may not follow major aspects of the Uniform Guidance for federal financial assistance particularly regarding a potential lack of written documentation of financial policies and procedures. In addition, he felt that the County's grant management, from application to completion, did not align with best practice recommendations such as those published by GFOA. He requested an audit of the County's grant procedures and their alignment with requirements within the Uniform Guidance.



SECTION SUMMARY

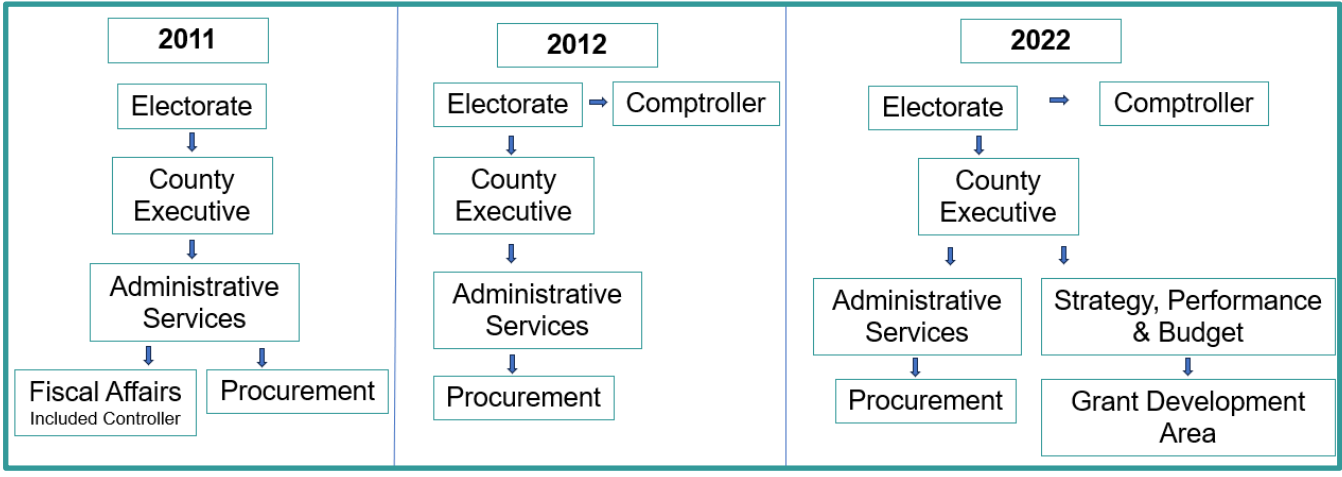
The County has three departments who have roles with the grant life cycle from application to completion. The County currently houses its existing grant policies and procedures in multiple areas. Confusion exists over whom to call with grant questions once a grant award had been received.

Currently, Milwaukee County has three departments which oversee countywide aspects of grants from application to completion: the Office of Strategy, Budget & Performance (SBP), the Office of the Comptroller, and the Department of Administrative Services (DAS). Prior to 2012, the County was not structured in this manner and all the services provided by these three separate entities were housed within DAS. There have been major shifts in the County's structure since 2012 that have resulted in silos for areas within grant and financial management.

- In 2012, the first elected Comptroller was sworn in. The office was created in 2011, per state law, which resulted in the County's Chief Financial Officer becoming an independently elected officer of the County.
- In July 2020, an action item creating the Grants Management Division within DAS was approved by the County Board to handle the administration of the high volume of grants, including pursuing and identifying grants, applying for grants, and managing the entire grant reporting process.
- In 2022, a standalone SBP was created and was no longer a part of DAS.
- In 2022, the Division of Grants Procurement was shifted from DAS to the Project Management Office in the newly created SBP. Its purpose is to focus on grant development, continuous improvement, and project management activities but no longer included managing the entire grant reporting process.

Figure 2 shows the changes at the County since 2011.

Figure 2 – Evolution of Departments with Grant Responsibilities at the County since 2011



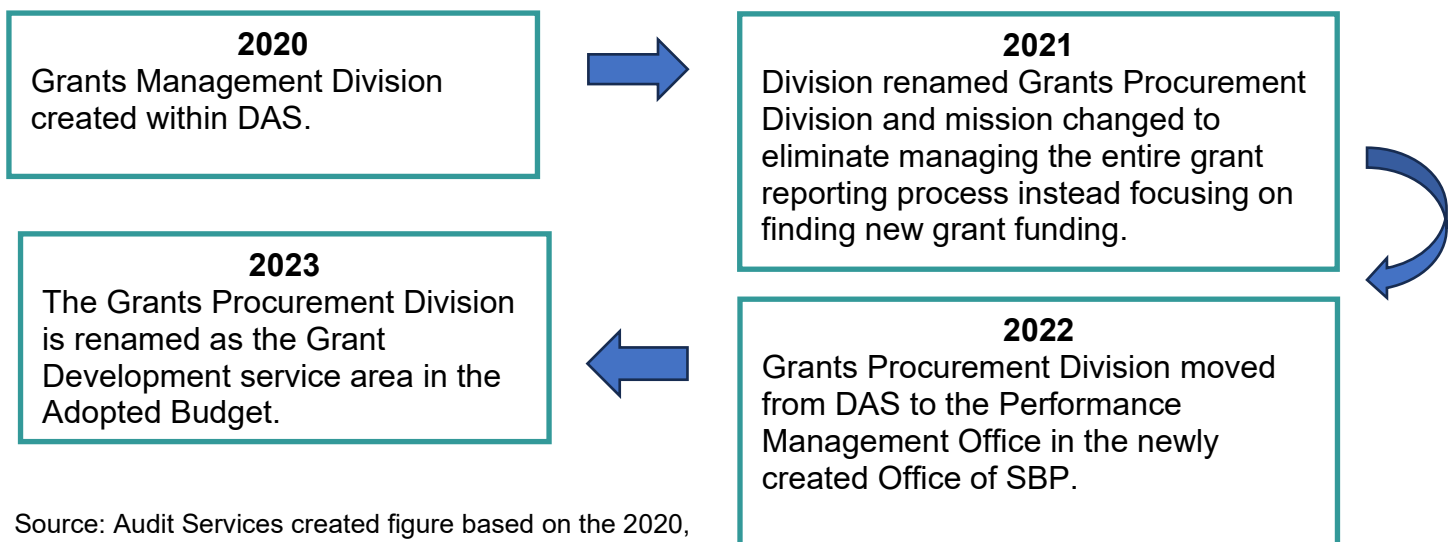
Source: Audit Services created figure based on information from the 2011, 2012 and 2022 Adopted Budgets



The Grants Management Division was created within DAS in 2020. Since 2020, its mission, its name, and its location within the County’s organizational chart has changed.

In 2020, due to the Covid-19 pandemic, the County became eligible for a large amount of state and federal grants. In July 2020, the creation of the Grants Management Division within DAS was approved by the County Board to handle the administration of the high volume of grants. This new division was responsible for pursuing and identifying grants, applying for grants, and managing the entire grant reporting process. The three staff positions reported to the DAS Director. The resolution creating the division approved by the County Board envisioned that the unit would be responsible for oversight of the County’s grant management program. After the creation of the Grant Management Division in 2020 there were several changes to the Division as shown in Figure 3.

Figure 3 – The Evolution of the County’s Grant Office



Source: Audit Services created figure based on the 2020, 2021, 2022 and 2023 Adopted Budgets.

The 2021 Adopted Budget for DAS included the Grants Procurement Division whose stated mission was to work with departmental staff to identify, apply for, and track grants from the County’s state, federal, and nonprofit partners. In 2022, the Grants Procurement Division moved from the oversight of DAS to the newly created SBP department. In addition, the division was redesigned to a Project Management Office (PMO) to focus on grant development, continuous improvement, and project management activities. The PMO manages the American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds received by Milwaukee County and facilitates the County’s Administrative Manual of Operating Procedures along with grant acquisition.

In 2023, the PMO’s mission evolved to include increasing the capacity of Milwaukee County departments to compete for grant revenue, identify and implement solutions to enterprise challenges, and develop effective internal communication strategies for the decentralized grant management structure within Milwaukee County.

In our interviews with both the PMO and departments that receive grant revenue we found that the PMO was limited in its capacity to focus primarily on the solicitation of



grants, excluding ARPA, and that many larger departments do not rely upon the PMO for their grants.

According to an interview with the PMO's Director of Project and Performance Management, increasing the County's revenue through grant development was a key reason the grant development division was formed. The Grants Development area is responsible for bringing in discretionary or competitive revenue and not formula or non-competitive funding. Formula funding makes up the majority of what the County receives in grant funding. Larger departments that have grants, such as the Department of Health and Human Services (DHHS) and Milwaukee County Department of Transportation (MCDOT), have a grants manager or grant staff whereas most other departments have fiscal staff that work on grants and other duties.

The Director of the Office of SBP acknowledged the decentralized grant process in terms of fiscal management at the County and cited capacity issues as a factor as to why there is not a grant management process from pre to post award. The Director saw grant compliance as decentralized and while he believes it's good to have policies and procedures in place for grant management it would be a huge effort to accomplish. The Director was unsure who would be a good selection for grant management oversight and noted that Administrative Manual of Procedures (AMOPs) are not the only source of procedures for the County.

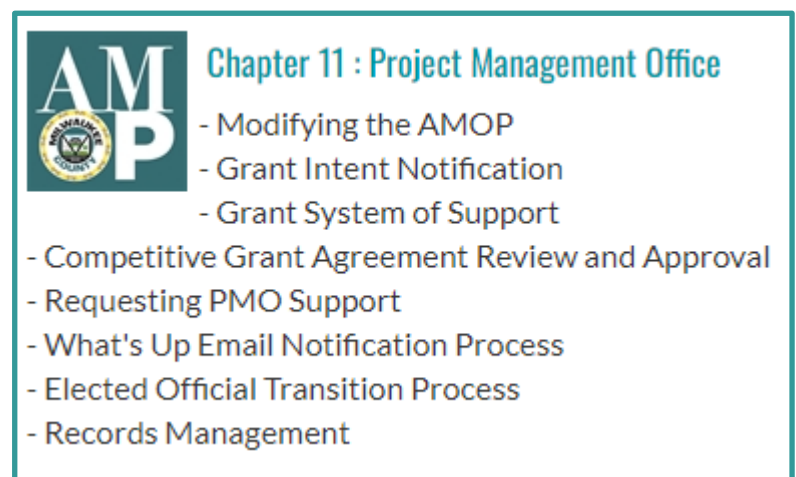
The County's AMOP website has three AMOPs related to grants under Chapter 11: Project Management Office. All three are past their stated revision update and two require updating to correct the responsible department.

Chapter 11 of the County's AMOP webpage is listed as the Project Management Office. There are three AMOPs listed that directly relate to grants:

- 11.01 Grant Intent Notification
- 11.02 Grant System of Support
- 11.03 Competitive Grant Agreement Review & Approval

The Grant Intent Notification AMOP and the Grant System of Support AMOP both list the responsible department as DAS-Grants & Special Projects Division. The original issue date for the AMOPs is June 3, 2021, with a listed review date of June 3, 2023. As of October 2024, neither AMOP has been updated to correct the responsible department or to adjust the AMOP itself. Since the issuance of the AMOPs, the responsible department has changed from DAS to SBP in 2022. In 2023, there was also a name change from Grants Procurement to Grants Development.

As departments use the AMOPs to provide guidance on how to proceed, AMOPs that have not been updated and that include the former department as the responsible party are problematic. In addition, the evolution of the Grants Development area adds confusion to the role it is to perform at the County, therefore, we recommend:



1. Within six months, the Office of SBP should review and update as needed the AMOPs related to grants to reflect current grant application processes and update the responsible party listed for both AMOPs.

The PMO created AMOP 11.03 Competitive Grant Agreement Review and Approval in January of 2022 to provide additional structure for grants. AMOP 11.02 established that departments are assigned tier rankings to indicate the level of support they need or receive from the PMO.

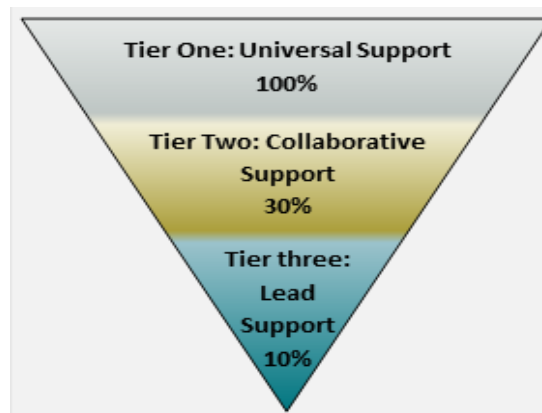
In January of 2022, AMOP 11.03 was created with the purpose of providing a structure for grant agreement review, approval, and signature for Milwaukee County to accept competitive federal, state, or private grants. The AMOP states that it applies to all competitive grants awarded to Milwaukee County and all competitive grant awards for which Milwaukee County accepts the award on behalf of a permissible third party.

According to an interview with the PMO's Director of Project and Performance Management, the creation of the grant agreement review and approval AMOP was based on departmental feedback her office received.

AMOP 11.02 establishes a 3-tier level of support for County departments as shown in Figure 4. 100% of Departments received Tier One support from the Grants Development area. Those departments with strong systems would not receive assistance beyond Tier One support with an estimated contribution from 0% to 10% from the PMO. Tier Two support is where the Grants Development area would play a participatory role throughout the development process and is estimated to be used for 30% of all competitive grant applications.

Finally, Tier Three is when the Grants Development area would play a lead role throughout the development process and is estimated to be used for 10% of all competitive grant applications. Departments may fluctuate between Tier Two and Tier Three based on how self-sufficient the department is. Figure 4 is from the AMOP showing the pyramid of support.

Figure 4 PMO Tier of Support to Departments

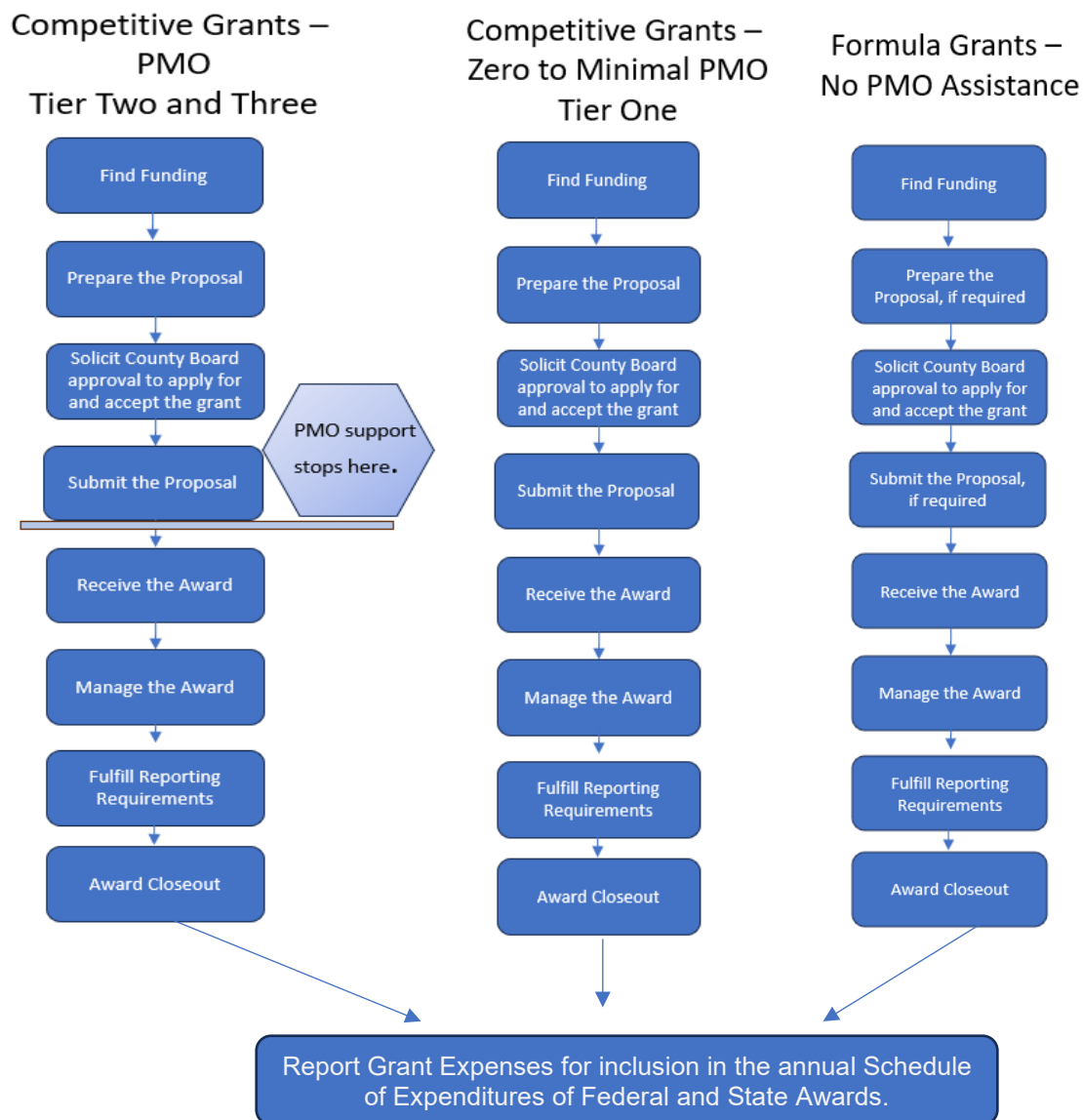


Source: Figure found in AMOP 11.02

Based upon the tier system of support and the variance between Competitive and Formula grants, Figure 5 shows the lifecycle of grants at Milwaukee County for Competitive grants with

assistance from the PMO, Competitive grants without assistance from the PMO, and Formula grants.

Figure 5
Lifecycle of Grants at Milwaukee County



Source: Audit Services created based on AMOPs and interviews.

The PMO does not see its office having a role in the implementation of grants by departments. While the PMO is working on training modules for the grant's process it believes that the Comptroller's Office should oversee the post grant award process at the County.

According to staff within the PMO, once a grant award is received, the role of their office is complete. Competitive grants are tracked on Smartsheet which is a work management platform used by the Grants Development area to track projects and/or grant applications. The tool resembles an Excel spreadsheet but also has automated and collaborative features. Copies of grant agreements that the PMO has assisted with are kept on the shared drive and

the Cloud at the PMO. It is not a comprehensive list of the County's grants because the PMO does not work on all competitive grants or formula grants although departments will, at times, provide copies to the PMO of grant agreements that the PMO did not participate in.

The implementation of grants is the sole responsibility of departments and as such the PMO does not perform any follow up after a grant is awarded. Because that is the role of the PMO, the Uniform Guidance requirements are not something the PMO has knowledge of outside of ARPA projects.

As far as the standardization of the post award process, the Comptroller's office would be best suited to manage that process in the PMO's Director of Project & Performance Management opinion. The PMO started to build a toolkit that could be shared with departments which will be available on County Connect when completed. The Grant development team is currently working on training modules, on how to assess a department's needs and capacity. It is difficult to create an overall guide because compliance with procedures means different things for different federal programs.

Within the Office of the Comptroller lie many responsibilities for the fiscal management of the County including the Accounts Payable, Payroll, Central Accounting, and Fiscal Services Divisions. During our fieldwork, there was a transition to a newly elected Comptroller whose visions of the office generally align with her predecessor.

In 2011, the Wisconsin State Legislature created the elected Office of the Comptroller with duties related to debt service, accounting, accounts payable, payroll, and County financial statements. The Office of the Comptroller provides technical assistance to other departments. The Central Accounting staff of the Comptroller prepares reports used to complete the Annual Comprehensive Financial Report (ACFR) and the annual Single Audit Report which contains the Statement of Expenditure of State and Federal grant expenditures within a given year.

The Audit Services Division is housed under the Office of the Comptroller but operates under a Memorandum of Understanding to maintain its independence as required under Generally Accepted Government Auditing Standards. Our office manages the contract for the external auditors to audit the financial statements of Milwaukee County and the Single Audit of Federal and State grants required by the Uniform Guidance and State Single Audit Guidelines.

Ordinance Section 34.03 assigns the Office of the Comptroller with the responsibility for uniform accounting at the County which includes prescribing the form of accounts and other financial records to be as uniform as practical and to meet applicable statutory requirements. Per the ordinance, the Comptroller is also responsible for prescribing the methods for allocating direct and indirect costs to programs, projects, grants, and the method for maintaining cost accounting records in County departments. The Comptroller is to maintain a unified accounting record, consisting of a general ledger which reflects the financial transactions of the county government, including accounts of revenues, expenditures, appropriations, encumbrances, assets, and liabilities.

One duty prescribed to the Comptroller is to be the signatory on all County contracts which includes grant agreements. Grant agreements are submitted to the Office of the Comptroller upon receipt for approval of the agreement for availability of funds. This signatory request is



the only time the Office of the Comptroller is aware of a grant agreement. Per the Comptroller, it is the responsibility of departments to follow the terms of their grant agreements.

Due to the lack of a specific grant accounting system, departments use the County's financial management system, INFOR, to record revenues and expenses that relate to grants, but these are not recorded in a consistent manner across departments. The Comptroller believes that the Office of the Comptroller should spear-head the standardization of a grant administration policy and that grant training is needed, but first a policy must be developed. The County has standardization for payments, procurement, payroll, and timesheet information. The Comptroller believes that the County should have standardization for grant accounting, a grant accounting system, and a centralized grant area.

According to the Comptroller, departments are documenting their grant awards in different ways (one uses a spreadsheet, one uses County's financial and activity codes, others use of a hybrid or both). It would be a challenge to have a general policy in place and get departments to follow it but currently when the Comptroller asks for verification of numbers, departments are not able to provide it using a grant number, activity code or other codes within the County's financial system.

DAS no longer oversees the two major areas within grants management that have been transferred to SBP and the Comptroller, but it does have two divisions that are required to comply with grant requirements – Procurement and Risk Management.

The various divisions within DAS provide services for other departments including the Central Business Office that serves as the department's knowledge base and general support for accounting, budgeting, and financial analysis for the Department of Administrative Services, Office of Emergency Management, Office of Equity, Department of Human Resources, Office of Strategy, Budget & Performance and Office of the County Executive. In addition, the Procurement Division is responsible for the development and implementation of procurement related administrative procedures including contracting, and the Risk Management Division which oversees the County's insurance policies.

According to the DAS Director, the development of a manual in the past would have been the responsibility of DAS. With the creation of the Office of SBP, he believes that responsibility has transferred from DAS to that office because they have the expertise in grants, they control the AMOP process, and they are the subject matter experts. In our interview, the DAS Director emphasized the importance of developing standards, policies, and procedures for the County that are simple and attainable.

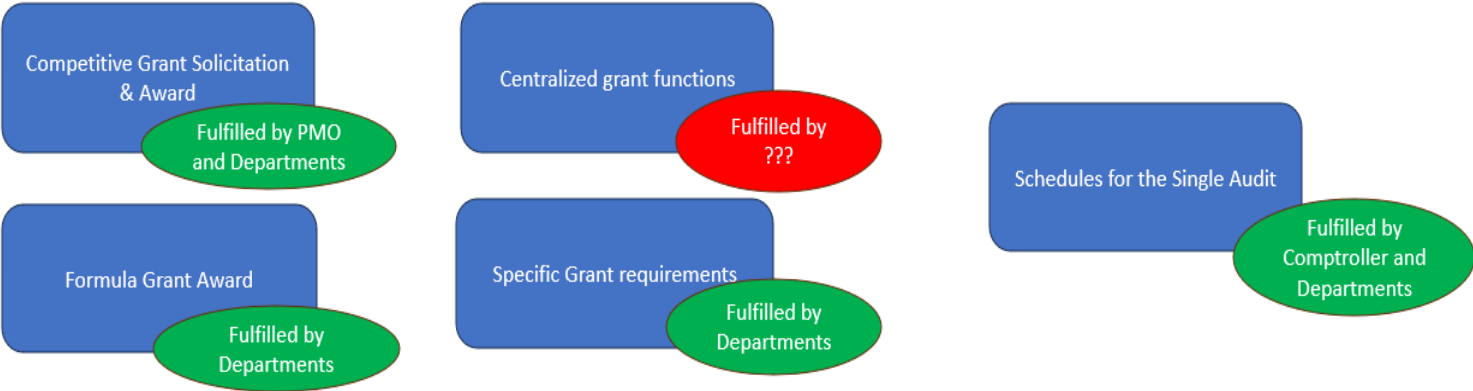
Interviews conducted with both the staff of the Comptroller, DAS and SBP along with line departments revealed confusion over the roles of the Comptroller, DAS and SBP.

We interviewed multiple staff from DAS, the Office of the Comptroller, and SBP. In addition, we interviewed line departments who receive and implement federal grant awards including DHHS, the Parks Department, the Office of the Sheriff, and the Department of Transportation. We found that while most understood that the role of the grant's office includes assisting with the solicitation of grants, there was confusion over which area provides assistance to departments with the financial management of the grant once awarded. The final step in grant management at the County lies with the Office of the Comptroller in the completion of



the schedules for the Single Audit Report. Figure 6 shows the general flow of responsible parties for grant work.

Figure 6 – Chart of Grant Responsibilities and Which Area at the County Currently Fulfills them.



Source: Audit Services created based on AMOPs, interviews, Adopted Budgets, and Single Audit Reports.

An unanticipated result of both the creation of the Office of the Comptroller and the Office of SBP is that grant related activity at the County is no longer centralized under DAS. These changes that resulted in the three entities no longer being housed under one common department have resulted in confusion for departments and lack of an entity for staff to seek out for guidance. This leaves both departments and the County without an identified administrator of the post grant award process at Milwaukee County, therefore, we recommend:

2. The SBP Director, the Comptroller, and the DAS Director collaborate to determine roles, responsibilities, and processes in relation to grants at the County including communication of the roles to County staff. The departments should set up a structure to regularly review those roles, responsibilities, and processes at least annually.

The County has multiple layers of guidance for departments including State Statutes, Ordinances, AMOPs, County financial guides, and training modules. While some of this guidance is documented, there isn’t a single location on the County’s intranet where users can easily access all financial management guidelines in one place.

For County employees seeking guidance on financial management, including grant management, there are several written guidelines available. These include both grant-specific instructions and general financial management resources. Unfortunately, these guides are not currently located in a centralized site, and some are not available electronically.

Table 1 shows the various items that departments should be aware of to follow financial management and where the items are located.



Table 1 County Grant Guidelines and Where to Find Them	
Item	Where to find?
State Statutes	State of Wisconsin website
County Ordinances	Link at the County Clerk's webpage to the Municode library website
Administrative Manual of Operating Procedures (AMOP)	<ul style="list-style-type: none"> • An app on the County's intranet – CountyConnect • County's website accessible to the public.
Forms Library – includes: <ul style="list-style-type: none"> • Comptroller Contract Memo • Year End Closing Schedule • Accounts Payable contracts • Authorized Signatures form • Check Requests • Contract Encumbrance forms • Marketplace Central information • Statements of Economic Interest Form • Travel Advances 	An app on the County's intranet – CountyConnect
County's Financial System Guides	An app on the County's intranet – CountyConnect
PMO Self-Service Center- Tools, Information, and resources for all PMO's service areas	County's intranet under SBP
Learning Management System (LMS) Training Videos	Individual Dayforce log in
Memos issued by Comptroller (ARPA, Single Audit, Bond Eligibility)	Via email

Source: Audit Services created table based on information from the County's intranet site, external websites, Dayforce and emails.

Prior to 2018, the County had a hard copy Administrative Manual that contained guidelines for departments for many areas at the County including financial management. According to SBP staff that administers the current County Administrative Manual of Operating Procedures, hard copy versions of the Administrative Manual were antiquated and have been replaced with readily available online versions on the County's AMOP webpage. The AMOP Committee was formed in 2018 as the oversight body for the development, review, approval, and publishing of AMOPs submitted by County department heads. The goal of the AMOPs are to guide the operation of Milwaukee County government in compliance with federal, state, and local law. AMOPs are to be a resource for staff, citizens and those who work with County government. When a question arises and there is not an online AMOP available, staff has been known to rely on the old paper administrative manual.

Although SBP has noticed gaps in the AMOP procedures, they cannot force departments to create or update an AMOP. Instead, SBP has provided a standardized AMOP process for departments to use that outlines the process and requirements for creating a new procedure, modifying an existing procedure, and reviewing the AMOP. Training associated with AMOPs is the responsibility of the departments.

In addition, according to SBP staff, there is no governance over County websites which is part of the issue why County policies and procedures are found in different places. Departments can publish what they want on their websites and there is no active process in place where departments are reviewing their content. CountyConnect, the County's intranet, is not subject



to the same public web guidelines as the County's internet website. In the past year, SBP-PMO Internal Communications Staff have made efforts by reaching out and meeting with County staff and webpage authors, putting out surveys, and asking for feedback related to CountyConnect. Their goal is to look at the architectural design of the homepage and make it more accessible, intuitive, and easier to navigate and obtain information in hopes of having a new County Connect website for employees in January 2025 with updated content that is easier to find and accessible to all.

As of October 8, 2024, there was only one AMOP within Chapter 7 – Financial & Management Accounting which was the AMOP for Travel Preparation and Expense Reporting. After the AMOP Committee meeting on October 17, 2024, two additional AMOPs were added to Chapter 7 along with four additional AMOPs in other Chapters. Table 2 shows the number of AMOPs by Chapter as of October 24, 2024.

Table 2		
AMOPs by Chapter, Title, and Amount		
Chapter	Title	# of AMOPs
2	Human Resources	23
3	Budget & Financial Transactions	4
5	Risk Management	9
6	Information Management	1
7	Financial & Management Accounting	3
8	Emergency Management	4
9	Accessibility	4
10	Land Sales	3
11	Project Management Office	8
12	DAS	2
13	Parks, Recreation & Culture	2
14	Facilities	3
15	Contracting	3
	TOTAL	69

Source: Audit Services Division created table based on information from the AMOP website.

Lacking a one stop space for guidance for financial management creates difficulties for employees to find out what policies and procedures they are supposed to follow. GFOA guidelines recommend that accounting policies and procedures should be readily available to all employees and should be in a searchable, electronic format and on the employee portal or intranet site.

Federal auditors have asked County officials for copies of overall financial management policies. The County currently houses its financial guidelines in a variety of locations and at times distributes crucial information only via email. A centralized space would provide the opportunity for departments to access the financial management forms to guide them in their work and they would be available to be provided to federal auditors upon request, therefore, we recommend:

3. The Comptroller, SBP and DAS determine how best to create a centralized space within the County's intranet system to provide staff with a one stop place for all financial management guidance including those specifically related to grants.



SECTION TWO: Countywide Grants Procedures Issues

SECTION SUMMARY

While the County did not have written guidance on compliance with the Federal grant policies as of the completion of our fieldwork, draft policies were submitted and approved by the AMOP committee in October of 2024. Many County policies need to be updated, reviewed, and released to staff to provide guidance.

In reviewing the County's ordinances, AMOPs, and other available policies and procedures we did a comparison to the requirements found in select portions of the Uniform Guidance. As discussed in the background, the Uniform Guidance is a 153-page document with additional agency specific requirements. The sample Uniform Guidance selections were based on requirements that were measurable and appeared to be countywide in applicability.

We reviewed 64 Uniform Guidance requirements against the current procedures that exist at Milwaukee County. Potential gaps were identified by comparing Milwaukee County ordinances, AMOPs, items from the Forms Library, and the County's Financial system guides to the Uniform Guidance requirements. We found that while the County provided guidance on 33 of the procedures we reviewed, 19 of the procedures were not countywide in nature and would be the responsibility of the department that was awarded the grant and were therefore, not selected for additional review. There were 12 requirements where the County was not in full compliance.

The areas where the County was not in full compliance were within the requirements for:

- Financial Management System
- Federal Payments
- Cost Principles
- Equipment
- Requirements for pass-through entities

The OMB Guidance for Federal Financial Assistance made some updates to the Uniform Guidance in April 2024 that went into effect October 1, 2024. We based our review on the version of the Uniform Guidance that corresponded to the timing of our fieldwork which was prior to October 1, 2024.

We did not conduct a review of the full population of Uniform Guidance requirements. As such, the results from this sampling approach cannot be applied to all the requirements found within the Uniform Guidance.

At the time of our fieldwork, the County did not have a universal financial management policy nor a grant management policy therefore, those areas where the County is non-compliant or cases where compliance exists without proper documentation could be addressed by a comprehensive countywide grant financial policy.

In 2024, as efforts to establish a federal indirect cost rate were solidified, the Office of the Comptroller developed a preliminary draft grants financial policy. Historically, the



County charged out centralized services using both an indirect cost allocation plan and various cross charges. Due to requirements of the federal indirect cost rate, the previous indirect cost allocation plan and various cross charges were rolled into a new central cost allocation plan that will be approved by the cognizant agency along with the federal indirect cost rate.

Federal grants allow for both direct and indirect costs. Direct costs are for items that benefit specific programs/projects like staff and materials while indirect costs include centralized governmental service costs such as payroll and information technology services. According to the Uniform Guidance, in general, unless different arrangements are agreed to by the concerned Federal agencies, for central service cost allocation plans and indirect cost rates, the cognizant agency responsible for review and approval is the Federal agency with the largest dollar value of total Federal awards with a governmental unit.

Once designated as the cognizant agency for indirect costs, the Federal agency must remain so for a period of five years. The Office of the Comptroller has begun work toward receiving approval for a Negotiated Indirect Cost Rate Agreement for Milwaukee County. For the 2024 Budget, the Financial Services Director for the Office of the Comptroller developed a central service cost allocation plan that was approved in the Adopted Budget.

The central service cost allocation plan encompasses most central service departments that were being charged to County agencies previously. For example, parts of Department of Human Resources, the Office of the Comptroller, and the Treasurer were charged in prior years to County agencies through the old methodology of the cost allocation plan. Facilities Management, Risk, Information Management Services Division, and other costs were directly charged through crosscharges. Per the Comptroller's office, the central service cost allocation plan represents the true cost of the County to operate central services, and as such, their costs should be distributed to all agencies throughout the County through reasonable and sound methodologies.

According to the Financial Services Director, any direct federal grant or pass-through federal grant from the State will have to abide by the Negotiated Indirect Cost Rate Agreement and will provide the County with additional funding that the County could not access when it was limited to the federal de minimis rate of 10%. The Director further stated that the greatest risk to the County is the lack of sound grant accounting practices by County agencies and the possibility that federally funded grant purchases are not adhering to federal regulations. As part of the Negotiated Indirect Cost Rate Agreement process, a new federal grants financial management policy will be issued that must be adhered to by any County department receiving federal funding. Due to proposed changes from the OMB, the Director stated that the County must establish documented grant financial policies to be approved for Negotiated Indirect Cost Rate Agreement and anticipated a fall of 2024 completion date for the grants financial management policy.

The Director stated that the first step to get the Negotiated Indirect Cost Rate Agreement was to finalize the cost allocation plan which was completed for the 2024 budget. The second step is to document the County's grant accounting policies. Once the Single Audit Report is completed, the hope is the federal government will grant its approval of the Negotiated Indirect Cost Rate Agreement. The plan for the Office of the Comptroller would be to request a five-year rate. Once these financial procedures are documented the Office of the



Comptroller will have them converted to AMOPs which will become the County's guide for Grants Financial Management. The AMOPs will be distributed to the departments and then the responsibility will be on each department to adhere to those rules and create their own departmental procedures to coincide with the Negotiated Indirect Cost Rate Agreement policies and procedures.

After the conclusion of our fieldwork, we were informed that the Office of the Comptroller had completed its draft of the new *Financial Policy – Administrative – Allowable Costs and Costs Principles Policy* and *Financial Policy – Administrative – Federal Grants Management Policy*. The documents were submitted to the AMOP committee for review on October 17, 2024 and were approved and published as AMOP 7.01 and 7.02.

We conducted a quick review of the policies that were issued and found them to be a substantial step forward in the County's documentation of its grant financial policies. Many of the components, according to the Director of Financial Services, mirror the requirements found within the Uniform Guidance. The financial policy document states that departments are:

- Required to follow Milwaukee County Ordinances when applying for and accepting Federal grant awards
- Produce all interim and final reporting requirements
- Monitor special conditions for any grants
- Ensure that the rules within Uniform Guidance are followed

Compliance at the County for federal grants will continue to be a blend of centralized policies and coordination along with departmental responsibility. We found the lack of a comprehensive grant financial policy at the time of the conclusion of our fieldwork to be an internal control deficiency. The issuance of the Federal Grants Management policy provides a steppingstone for departments, but we believe that the County should continue to develop and document its financial policies and apply those found within the Uniform Guidance that are applicable to the use of County funds, therefore, we recommend:

4. The Office of the Comptroller, with assistance as necessary from DAS, SBP and other County entities,
- Evaluate, within one year, AMOP 7.01 and modify as needed to comply with the Uniform Guidance or to reflect any federal audit findings that are issued within that timeframe.
 - Provide annual training on AMOP 7.01 to departments.

With the arrival of ARPA funding at the County, the Office of the Comptroller set up additional guidelines to track the ARPA grant funding.

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program authorized by the American Rescue Plan Act (ARPA) provided \$350 billion to state, counties, and municipalities. The County received \$183 million in ARPA funds both directly from the Federal Government and from the State of Wisconsin as the State allocated out its SLFRF funds. In November of 2023, the Office of the Comptroller issued a memo titled Milwaukee County Rules for SLFRF/ARPA Projects and Their Obligations.



Due to the magnitude of funds from ARPA and the reporting requirements, separate rules for Milwaukee County departments were established when using ARPA funds. Most of the County funds from ARPA fall into revenue replacement which meant they do not have to follow all requirements in the Uniform Guidance, but they must still follow Milwaukee County rules for certain items such as the County's procurement policy. Select sections of the Uniform Guidance do apply for the County's ARPA funds and are detailed in the Comptroller's rules memo.

Of note within the ARPA rules is that recipients must expend and account for federal awards in accordance with their own laws and procedures. The County must document how they have spent funds, how they have followed their own procurement rules, and any other relevant procedures. The County is subject to a three-year records retention rule with the final expenditure report due to the federal government in March of 2027.

Under the financial management portion of the rules, the County identifies how the rules it is implementing will be used to record and report costs. Milwaukee County is using Fund 10024 for all ARPA related operating grants. The grants also use codes to identify the grant, the grant period the funds were claimed in, and any further breakdown of the grant report. Departments are to use the ARPA coding string assigned to their project to ensure that funds are accounted for and reported to the federal government. Personnel who are assigned to an ARPA project are given a job number where their charges are allocated to an ARPA project.

A requirement of ARPA is for the County to maintain records that identify the source and application of the funds for federally funded program and projects, such as receipts, invoices, and contracts. Many of the documents are maintained in the County's financial system.

The Comptroller's staff includes an accountant who is assigned to the ARPA project whose main job is the reviewing and recording of ARPA journal entries and ensuring their accuracy for reporting purposes. The Accountant reviews the information that is in the County's financial system and ensures that it is coded properly for ARPA reporting including a verification that is performed every pay period to ensure only appropriate staff are using the ARPA codes. The Accountant stated that she is not overly knowledgeable on the federal regulations for ARPA but relies on a contact in the SBP Grants Development area for guidance on such matters. The Accountant also stated that she was aware of the Uniform Guidance for Grants, but not trained on them.

According to an interview with the Comptroller's Director of Financial Services, transitioning all departments to using project coding in the County's financial system as is being done with the ARPA funding is possible but would require an adequate amount of time for the roll out of the policy and procedures coupled with adequate training for departmental fiscal staff. The Deputy Comptroller also stated that there is no reason why the system could not be used to track grant spending as you just have to add project codes. The Deputy Comptroller believes that if departments looked at how the County is managing ARPA funds; they would have a good roadmap for how to use the County's financial system to track grants. The Grants Development area indicated that the functionality used for ARPA tracking could easily be used to track other grants. Each grant would be assigned an activity code and they could work with the ARPA Accountant in the Office of the Comptroller.



When the County transitioned to its new Financial system, the use of the grants module was not implemented.

In 2021, the County transitioned to its new Financial Management system. The new financial system has a grant module which has not yet been deployed at the County. According to the Deputy Comptroller, they did the demo for the Grants Module as it was part of the new financial system's request for proposals, but departments and the Grants Development area made the final decision to not use it. In our interview with the Grants Development area, they stated that the modules for grants could serve a purpose for grant project oversight and for departments to manage their own grants. The Director of Project & Performance Management did not know what was preventing the County from utilizing the grant module in the new financial system. The former Comptroller indicated that they looked at the grant functionality in the new financial system, but there wasn't interest from people to use it.

While the Federal Grants Management policy issued by the Office of the Comptroller in Fall of 2024 indicates changes will be made to the tracking of grants by the County, it does not specify or provide details to departments on how to implement these policies within the County's financial system. The policy states that operating grants for all departments will identify grant expenditures using activity, function, and reporting category codes and that revenues within the general ledger are to be identified by a revenue classification code.

Following the guidance of the newly issued Federal Grants Management policy from Fall 2024, which was approved by the AMOP committee in October of 2024, the County is transitioning to using its financial system to monitor grants expenditures and revenue. The implementation of this had not occurred by the time we concluded our fieldwork, but successful implementation should enhance the County's ability to ensure it is able to track its grant funding within its general ledger system, therefore, we recommend:

5. The Comptroller explore the implementation of the requirements for all grant funds to be tracked using activity or function codes within the County's financial system or the use of the County's financial system's grants module. Written policies and procedures for departments to follow, along with training, should be developed to assist departments in complying.

The Uniform Guidance does provide some guidance on allowable costs. The County does not have a comprehensive list of its allowable costs and the unallowable costs for the Federal government are not currently documented as unallowable at the County.

The Uniform Guidance has 55 specific items of cost. While the list is not inclusive it provides a guide for many costs associated with grants. The listed costs are a blend of both allowable and unallowable. Many of the unallowable costs include caveats where approval may be granted in some circumstances.

The list of unallowable costs include:

- Advertising and public relations



- Alcohol
- Bad Debts
- Commencement and convocation costs
- Legal Representation in criminal and civil proceedings
- Entertainment costs without a programmatic purpose
- Fund raising
- General cost of government such as Chief Executive or Judicial Branch of local government
- Idle facilities and idle capacity
- Lobbying
- Losses on other awards or contracts
- Selling and marketing costs

The list provided in the Uniform Guidance is not all inclusive and for items not listed, grantees should consider the following items when determining a costs' appropriateness:

- Necessary – does the cost meet an important program objective and addresses an existing need?
- Reasonable – is a cost reasonable, does it not exceed that which would be incurred by a prudent person?
- Allocable – can you separate the cost out to charge to a grant?
- Conform to cost principles or Federal award as to types or amount?
- Consistent with policies and procedures that apply uniformly to federal and non-federally funded activities?
- Consistent treatment as direct or indirect cost?
- In accordance with Generally Accepted Accounting Principles (GAAP)?
- Not included as a cost to meet cost sharing or matching requirements of any other federally financed program?
- Adequately documented?

It is also noted that if local law prohibits an item, then federal funds should not be used for the item. The following example was provided - If the subrecipient's policy does not reimburse employees for professional association memberships, an exception cannot be made to reimburse the same costs because federal funds are available.

Milwaukee County does not have a published centralized list of unallowable costs which would assist departments in understanding items that are prohibited. The Ethics Code provides minimal guidance. The travel card prohibited list provides a starting point for the County to develop an overall allowable list.

Milwaukee County's Ordinance Chapter 9 includes the Ethics Code which states that an employee should preserve and protect all funds of the County and prohibits using their position to obtain financial gain or anything of value for private benefit of himself/herself or his/her immediate family. The Ethics Code does not list items which are always deemed to be of private benefit to employees.



The Milwaukee County AMOP 7.12 for Travel Preparation Guidelines and Expense Reporting provides the procedures for employees to follow Milwaukee County Ordinance 56.05 for the reimbursement of business-related travel for elected officials, officers, employees of Milwaukee County, and municipal police officers. Included in that AMOP is a listing of non-reimbursable expenses that are considered personal and not essential to the transaction of official County Business.

The list includes:

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Medical or hospital services • Amenities such as movies, health clubs, or in-room bars • Childcare, babysitting, house sitting, or pet-sitting costs • Entertainment, including, but not limited to, exercise | <ul style="list-style-type: none"> facilities, movie rental, videos, games, or other non-business-related items • Gasoline costs if mileage reimbursement is used • Lost or stolen cash or personal property | <ul style="list-style-type: none"> • Magazines, books, or other reading materials • Personal items (e.g., toiletries, luggage, clothing, medications, etc.) • Snacks, beverages, etc. outside of a meal • Traffic citations, parking tickets, and other fines |
|--|---|---|

The Procurement Division of DAS has also issued a manual that details items that are not allowed to be purchased using a County credit card. The manual includes that the purchasing card shall not be used for the following purposes:

- Personal purchases or identification
- Cash advances
- Food purchases for departmental functions of any kind (training, seminars etc.)
- Floral arrangements or flower shop purchases (death, presentations, appreciation, etc.)

The County does maintain a chart of accounts that departments could use as a guide for allowable costs, however, some account names may provide an erroneous conclusion that the County allows all departments to purchase that item. Examples include accounts such as Tuition Reimbursement and Laundry/Dry Cleaning.

In addition to the Federal Grants Management policy issued by the Office of the Comptroller in fall of 2024, an allowable costs and cost principles policy was released. The policy includes the Uniform Guidance requirements and statements regarding what it deems as allowable costs. The policy applies to only federal awards.

Many of the items prohibited from being placed on a travel card should also be determined to be unallowable in general for the County. The County lacks an overall list of unallowable items that would provide clear direction for anyone in control of County funds on proper use of funds, therefore, we recommend:



6. The Comptroller work with SBP and DAS to develop and issue an AMOP with a list of unallowable costs for Milwaukee County funds using the Uniform Guidance and the Purchasing and Travel Card listings as guidance.

The County's procurement policies are codified in Chapter 32 of the Milwaukee County Code of Ordinances and appear to align with the Uniform Guidance, but there is not currently a dedicated review of the County's policies to ensure they continue to comply with the Uniform Guidance guidelines.

According to the DAS - Director of Procurement, she sees the Uniform Guidance purchasing standard requirements for grants on occasion, but currently Procurement does not have the Uniform Guidance requirements referenced in the ordinances or written policies. The Director's current review showed that the County's policies appear to be aligned with the Uniform Guidance. Procurement staff receives training on purchasing from the National Institute of Governmental Purchasing. The Director indicated that there are challenges relating to the Uniform Guidance for the Procurement Division due to the contradictions that are present with the Milwaukee County Ordinances and the State Statutes related to procurement. A consultant is working with Procurement to develop desk guides for procurement, and this will be completed by the last quarter of 2024. The desk guides will serve multiple departments as well.

A large portion of the Uniform Guidance deals with the procurement of goods and federal standards. It falls to the purview of the Procurement Division to maintain County policies that align or exceed requirements found within the Uniform Guidance, therefore, we recommend:

7. The Procurement Division establish a documented process to periodically update County purchasing requirements to follow the procurement guidelines found within the Uniform Guidance.

One requirement for the Uniform Guidance is the preparation every two years of a fixed asset listing that includes the source of federal funding for items. While the list is compiled timely by the Comptroller, only two departments submit federal funding sources and the ordinance governing the responsibility of the list is outdated.

Under the Uniform Guidance section 200.313 Equipment, the Uniform Guidance requires that a physical inventory of the property purchased with federal awards must be taken and the results reconciled with the property records at least once every two years. It also requires that property records must be maintained that include:

- a description of the property
- a serial number or other identification number
- the source of funding for the property
- who holds title
- the acquisition date
- cost of the property
- percentage of Federal participation in the project costs for the Federal award under which the property was acquired



- the location
- use and condition of the property
- any ultimate disposition data including the date of disposal and sale price of the property

Milwaukee County Ordinance 56.11 Property Record and Inventory states that the “Department of Administration” shall maintain a perpetual inventory of such property with pertinent data, together with an indication of the department to which it is assigned, its location, and date and manner of disposition. Guidelines to maintain the inventory records will be the responsibility of the Department of Administration. The 2003 Adopted Budget eliminated the Department of Administration and replaced it with DAS. Both the Department of Administration and DAS housed the position of Controller who served as the Chief Financial Officer for the County and prepared the County’s Fixed Asset Report.

In 2011, per State Statute, the Office of the Comptroller was created which moved the County’s Chief Financial Officer to a new independently elected office. The elected Comptroller took office in 2012 and continued to prepare the County’s Fixed Asset Report. In 2022, the Office of the Comptroller released a memo indicating what County expenses qualify for bond eligibility guidelines to be a fixed asset. Items include property, plant, equipment, and infrastructure assets which need to have an initial individual cost of more than \$5,000 and an estimated useful life more than one year. The County does not capitalize its software unless the project cost is more than \$1.0 million.

In an interview, the former Comptroller indicated that a fixed asset report is prepared every two years but the information regarding the federal funding source is not included within the report. The last report was issued in December 2022. MCDOT and the Airport were cited as departments who track this information due to the requirements of their primary funding agencies.

The responsibility of the Fixed Asset report lies with the County’s Chief Financial Officer; however, the County Ordinances have not been updated to align with changes in County policy and State Statute since 2003. The current Fixed Asset report is not in line with the requirement of the Uniform Guidance, therefore, we recommend:

8. The Comptroller submit to the County Board an update to the County Ordinances to reflect the current responsibility for preparation of the Fixed Asset report based upon departmental submittals.

9. The Comptroller should develop written policies and procedures to instruct departments to include the required federal funding information contained within the Uniform Guidance when submitting information for the County’s Fixed Asset report.

The County’s outdated Administrative Manual, which is no longer in use, contained a Cash Handling procedure which was last updated in October of 2000.



Prior to the current issuance of the County AMOP, the County utilized a paper based Administrative Manual which was housed in binders. We found that there is no current AMOP on cash handling for the County and the latest policy that could be found was Section 7.91 of the old Administrative Manual. The procedure was last updated in 2000 and it was to provide a countywide policy and procedures for dealing with revenue transactions involving receipt and processing of cash. The procedure includes information on how to process cash, checks and Automatic Clearing House (ACH) deposits including grant payments. The payments are processed through the County Treasurer's Office. The procedure references the County's former financial management system, Advantage. The County transitioned to a new financial management system in 2021. Figure 7 shows the title page from the Administrative Manual.

Figure 7 – Title Page from the Administrative Manual for the Cash Handling Procedure

Procedure ADMINISTRATIVE MANUAL MILWAUKEE COUNTY	<u>REVISION DATE</u> 10-02-00	<u>CHAPTER TITLE</u> Financial & Management Accounting	<u>CHAPTER NO.</u> 7
	<u>ORIG ISSUE DATE</u> 05-19-92	<u>SECTION TITLE</u> Cash Handling Procedure	<u>SECTION NO.</u> 7.91

Source: Audit Services binder of County Administrative Manuals.

In an interview, the former Comptroller indicated that the Treasurer should be the main author of an update to the Cash Handling Procedure, but the Office of the Comptroller should be involved in the reviewing of the new policy prior to its issuance. According to the Treasurer's Office, the role of the Treasurer is minimal as it pertains to grants. The Treasurer indicated he believed that it was the role of the Comptroller to set the policy and for his office to carryout said policy.

The Cash Handling procedure in the Administrative Manual contained the following language,

All matters relating to cash handling, bank usage or deposit processing which arise and are not specifically addressed in this procedure document shall be referred to the Cash and Investment Management Section of the County Treasurer's Office.

However, the County has changed since 2000, especially related to its financial organization including the creation of the elected Comptroller in 2012. The State Statutes regarding the Comptroller's responsibilities include that the Comptroller is the chief financial officer of the County, and the administrator of the County financial affairs. The State Statutes list the duties of the Treasurer as to receive all moneys from all sources belonging to the County and to keep a true and correct account of the receipt and expenditures of all moneys including date of payment, whom it was received from and the purpose of each receipt or payment. Under financial transactions in the State Statutes, it requires the money collected or received by the County shall give such receipt therefor and file such duplicates therefor with the Clerk and Treasurer as the Board directs.

In our interview with the Treasurer, he indicated a recurring issue that grant funds are not identified when his office receives them. It can be difficult to determine which department the



grant revenue should be credited to. Some departments will inform the Treasurer about anticipated grant funding, allowing the Treasurer to monitor ACH and wire transfers for those funds. OMB requires the County to minimize the time elapsing between the transfer of funds from the US Treasury and disbursement by the County for direct program or project costs and the proportionate share of allowable indirect costs regardless of payment method.

Federal agencies often ask County departments to provide documented County fiscal policies. The handling of federal payments via the Cash Handling procedure is a vital part of grant management. County departments currently do not have instructions on how to notify the Treasurer about pending payments. The lack of direction and consistent notification creates difficulties in matching payments to departments. The absence of an official County Cash Handling Procedure, with the last updated procedure dated 24 years ago has resulted in delays of allocating federal and state payments, therefore, we recommend:

10. The Comptroller, with assistance from the Treasurer, should develop and issue an updated Cash Handling Procedure including guidance to departments on alerting the Treasurer's office of pending payments, and provide training as necessary to County departments.

A major portion of the Uniform Guidance and the OMB Supplement deals with subrecipient monitoring. The County does not have any guidance to provide to departments to comply with these requirements.

The Uniform Guidance states that the County is responsible for determining whether any entity receiving federal funds from the County is classified as a subrecipient or a contractor. A subrecipient is for the purpose of carrying out a portion of the Federal award and creates a Federal financial assistance relationship, while a contract is for the purpose of obtaining goods and services and creates a procurement relationship. Federal agencies are responsible for monitoring the County's oversight of first tier subrecipients.

The Uniform Guidance requirements of the County for subrecipients include:

- Verifying the subrecipient is not excluded or disqualified from receiving Federal funding
- A listing of required information of the subrecipient including name, Federal Award Identification Number, award date, performing dates, amount of Federal funds awarded, and Federal agency information
- All requirements of the subaward including Federal statutes, regulations, and terms and condition of the Federal Award
- Any necessary items for the County to comply with Federal financial and performance reports
- Indirect Cost rate
- Closeout guidelines
- Auditor access to records

The County must monitor the subrecipient including financial and performance reports, that the subrecipient takes corrective actions, when necessary, issues a management decision for audit findings, and resolves any audit findings related to the subaward.



Having no guidelines for departments to follow while conducting subrecipient monitoring puts the County at risk of being out of compliance with federal regulations, therefore, we recommend:

11. The Comptroller should develop and issue written guidelines on the County's obligations per the Uniform Guidance on subrecipient monitoring.

The Department of Health and Human Services has been cited by the Federal Department of Housing & Urban Development during its inspection due to a lack of compliance with federal financial management, some of which has countywide applicability.

The U.S. Department of Housing and Urban Development (HUD) conducts periodic monitoring reviews of programs that it funds. In June of 2022 HUD issued a memo documenting the results of the review of the program. Two of the findings were related to financial management. The Uniform Guidance requires identification in the accounts of the Assistance Listing title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any. HUD found that Milwaukee County did not provide accounting records to demonstrate adequate identification of Federal Continuum of Care funds in its financial management system. HUD closed the finding after DHHS submitted a screenshot of the edited account description for the award that met the Uniform Guidance standards. The new accounting is shown in Figure 8 below.

Figure 8 – Screenshot of Account Description submitted to HUD by DHHS

Fund [A] ▾	Agency [A] ▾	Organization [A] ▾ <input type="text" value="EQ"/>	Funding Source [A] ▾ <input type="text" value="SHELTER PLUS HEARTLAND CFDA# 14.267"/>	Activity Code [A] ▾ <input type="text" value="13sbh EQ"/>
10001	800	8523	SHELTER PLUS HEARTLAND CFDA# 14.267	13SBH

Source: Screenshot provided to Audit Services by DHHS.

The second finding within the financial management area was that Milwaukee County does not have written procedures for determining the allowability of the expenses applied to this award. In addition, the County did not provide adequate source documentation to demonstrate that the expenses applied to this award were allowable and allocable. The Uniform Guidance requires that the County have written procedures for determining the allowability of costs and that costs are adequately documented. Due to the lack of a Countywide listing of allowable and unallowable costs and a need for a program specific list, DHHS complied by developing a 12-page written listing of Continuum of Care Program Funding Eligible Costs.

In March of 2024, DHHS was notified that HUD would be conducting an onsite review in April 2024 of the Community Develop Block Grant Program. In its letter, HUD requested a copy of the Financial policies and procedures manual. On May 31, 2024, HUD released the results of their review. HUD found that Milwaukee County submitted its 2022 Single Audit late to the Federal Audit Clearinghouse and lacked written policies and procedures to ensure timely



submission of its annual single audit to the Federal Audit Clearinghouse. This issue is discussed in detail in Section 3 of this audit.

Departments we interviewed had various levels of knowledge of the Uniform Guidance. Minimal training is offered at the County with some departments utilizing federal training.

The Uniform Guidance requires tracking of expenses, property, and assets purchased with grant funds. Based upon interviews we conducted with various departments, including MCDOT, the Sheriff, DHHS, and the Parks Department we found that departments track their grant funding using a variety of methods. For example, MCDOT uses various project managers, with the help of a consultant, to assist with monitoring for compliance of grant awards. According to MCDOT staff, their financial reporting is all maintained using spreadsheets, this includes the tracking of salaries and wages along with property and assets purchased with grant awards. MCDOT relies on the U.S. Department of Transportation for training. Federal agencies require tracking of property and assets purchased with grant awards funds. This process is known as transit asset management. MCDOT's Transportation Program Planning Manager stated it can be compiled however they want but the items that are federally funded must be tagged and noted. The assets are then reviewed periodically by management.

DHHS has a wide variety of funding sources so grants management is different in each area based upon the federal funding source. A very general checklist of tasks to perform when a new grant is awarded is used along with a Grant Manager who serves as the bridge between financial staff and program staff to foster consistency. DHHS uses Smartsheet to help track and submit documentation such as an expense detail report for audit requests. They are tracked with activity codes in the County's financial system, but Smartsheet can be updated in real-time. The SBP-Grants Development area holds the license to Smartsheet.

The County's Public Safety Fiscal Administrator indicated that they have attended some online grant training sessions, but they were not County sessions. The Administrator said the Office of the Sheriff does not have any written procedures on grants. The Office of the Sheriff monitors contracts and personnel salaries and wages for work performed on grant funded projects and are given a specific code in Dayforce for labor tracking purposes. The Administrator works with the SBP-Grants Development area on her Competitive Grants but stated there is no AMOP for formula grants and no one has been able to help her with the procedures and rules for formula grants.

The Financial Manager for Parks provided financial support to work areas within Parks that receive both competitive and noncompetitive grants which includes financial coding of personnel salaries and wages in the County's financial system. Parks does not have written guidelines and procedures for grants since they follow what the County has in place. The Financial Manager mentioned Parks Staff attends grant related training offered by SBP-PMO, consultants or from referrals from Parks Staff.

Countywide staff training on grants varies with some departments receiving grants training to no consistent training or not receiving training at all. We made a recommendation earlier for the development of annual training for all financial manuals issued by the Comptroller which if implemented should provide consistent training for all departments.



SECTION 3: Single Audit

SECTION SUMMARY

The County is required to annually publish the Single Audit Report which contains the County's Schedule of Expenditures of Federal & State Awards and compliance reports. Failure to report a grant in the Single Audit Report for 2021 led to the finding of a material weakness for the County.

The Single Audit Act of 1984 established the parameters for which governments are required to undergo an annual Single Audit and the Government Financial Officers Association has published best practices for a complete and accurate Schedule of Expenditures of Federal Awards (SEFA).

The Single Audit Act of 1984 and its Amendments of 1996 established a standardized and uniform audit process for non-Federal entities that receive and expend Federal funds for government programs. The requirements for a single audit are included in the Uniform Guidance, Subpart F. Any entity expending \$750,000 or more in federal grants funds within one fiscal year must have a Single Audit completed according to the Uniform Guidance. Revisions to the Uniform Guidance increased this threshold to \$1,000,000 as of October 2024.

A Single Audit is an audit of a non-Federal entity's financial statements and of its expenditures of Federal awards. The County's Single Audits are conducted in accordance with Generally Accepted Government Auditing Standards. Single Audits are conducted by independent non-Federal auditors, such as public auditing firms and State auditors. At Milwaukee County, the Single Audit is conducted by external auditors.

As a part of the Single Audit, governments are required to prepare a Schedule of Expenditures of Federal Awards (SEFA) and a Schedule of Expenditures of State Awards (SESA) which report amounts expended during the fiscal year. The external auditors select programs from the SEFA for their audit. The SEFA and SESA include financial numbers along with agency assistance listing numbers, pass-through entities, program names and subrecipient information.

According to the Government Financial Officers Association (GFOA), governments subject to a Single Audit should implement procedures to ensure an accurate and complete SEFA. GFOA recommends governments should create a repository (electronic file) of relevant grant information that is accessible to the preparers of the SEFA and those who administer the grants. At a minimum, the repository should contain the following for each federal grant:

- Grant agreement and notice of the award, as applicable
- Type of grant (e.g., reimbursement basis or structured payments)
- Program name and cluster title (if applicable)
- Name of federal funding agency
- Pass-through entity (if applicable)
- Assistance listing number (formally known as the CFDA number)
- Pass-through entity identifying number (if applicable)



- Amount passed through to each subrecipient (if applicable)
- Award amount
- Award date
- Match requirement (if applicable)
- Period of performance

During the preparation of the 2022 Single Audit Report, it was discovered that there was a grant missing from the 2021 SEFA as reported by the County which resulted in a finding of a material weakness. The finding was repeated in the 2022 Single Audit Report. The County was required to reissue its 2021 Single Audit Report and prepare a corrective action plan.

The 2021 and 2022 Single Audit Reports stated that there was a Material Weakness identified in the County's internal controls in the preparation of the SEFA. A material weakness in internal control over compliance is a deficiency or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented or detected and corrected in a timely manner.

The material weakness for the County was found because it was discovered that the County had omitted a \$6.8 million grant. Because the grant had expenditures during 2021 the grant award should also have been included in the County's 2021 Single Audit. Therefore, the material weakness was listed as a repeat finding for 2022 and the County was required to reissue its 2021 Single Audit to include the grant and prepare a corrective action plan.

The Uniform Guidance has a list of qualifications for auditees to remain low risk. The County's lack of reporting a grant in 2021 makes it ineligible for that status.

Uniform Guidance section 200.520 Criteria for a low-risk auditee lists several items that an auditee must meet for each of the preceding two audit periods to qualify as a low-risk auditee. As a low-risk auditee an entity is eligible for reduced audit coverage. Due to the failure to report a grant in 2021, the County does not fulfill item (C) *There were no deficiencies in internal control which were identified as material weaknesses under the requirements of Generally Accepted Government Accounting Standards (GAGAS).*

As a high-risk auditee, the auditor must audit the major programs identified per the Uniform Guidance's process and such additional Federal programs with Federal awards expended that, in aggregate, all major programs encompass at least 40 percent of total Federal awards expended. If the auditee is not high risk, then, the auditor need only audit the major programs identified per the Uniform Guidance's process and such additional Federal programs with Federal awards expended that, in aggregate, all major programs encompass at least 20 percent of total Federal awards expended.

Milwaukee County developed a corrective action plan that was included in the 2021 & 2022 Single Audit Reports. The plan proved successful as the 2023 Single Audit did not repeat the finding.



Milwaukee County's corrective action plan involved developing a process with the State of Wisconsin that utilized their payments register to track all payments received through the State, determine if they are pass-through Federal or State grants, and track them to the County's reporting in the Single Audit report. In addition, the Office of the Comptroller would provide training on an annual basis to departments regarding the financial and SEFA audits. The Office of the Comptroller would provide additional training to departments in 2023 in preparation for the 2023 SEFA Audit.

On February 2, 2024, the single audit report training session provided an overview of the Single Audit report and its components including the format of the schedules in the report. The training explained the way grant updates and schedules of financial assistance are set up as well as the purpose for every column in the schedules.

In March of 2024, DHHS was notified that HUD would be conducting an onsite review in April 2024 of a Community Development Block Grant program. In its letter, HUD requested a copy of the Financial policies and procedures manual. On May 31, 2024, HUD released the results of their review which included a finding that Milwaukee County submitted its 2022 Single Audit late to the Federal Audit Clearinghouse and lacked written policies and procedures to ensure timely submission of its annual single audit to the Federal Audit Clearinghouse. The 2022 Single Audit was submitted late due to the missed grant from 2021 which also required the reissuance of the 2021 Single Audit Report. The audit item was cleared with the corrective action plan implemented by the Office of the Comptroller.

The current process for the development of the SEFA by Central Accounting begins in November but requires a reliance on departmental reporting to the Comptroller of grants revenues and expenditures. Some departments' lack of awareness of the SEFA, combined with the Comptroller's absence of a listing of grant awards, increases the risk of missing reporting of grant expenditures.

According to the Senior Accountant responsible for the ARPA program, notifications are sent starting in November to departments asking what grants they have for the year. Reporting by departments begins at the start of the new calendar and fiscal year. The reporting is on an Excel spreadsheet and includes the list of grants they have, type, and what are their sources of revenues and expenditures. At a high level, the goal is to report revenues and total expenditures. Departments are required to provide a grant number or state contract number associated with the grant. According to the former Comptroller, Central Accounting does not know if it receives all the required information from departments.

Within the 2021 Single Audit Report, the official cause listed under the material weakness finding by the outside auditors is "The awards were obtained by County departments that do not typically administer federal awards; therefore, the awards were not appropriately identified by the County during the preparation of the schedule of expenditures of federal awards."

We interviewed staff within the Office of the Comptroller and were informed that there were possibly multiple causes for the grant omission in the 2021 Single Audit Report. One cause mentioned was that the Central Accounting Office has no awareness of agreements being entered into by departments.



The Comptroller's Office is required to sign off on grant agreements as to funds available, however, there is currently no tracking system in place for the grants signed by the Comptroller to be used as a list of awarded grants in preparation of the SEFA, therefore, we recommend:

12. The Comptroller develop written policies and procedures to track signed grant agreements and provide the list to Central Accounting at the end of the fiscal year to assist in the preparation of the SEFA for the Single Audit Report.

Additional causes for the missed grant centered around a lack of technology at the County that led to the reliance on manual verifications. We surveyed other local municipalities to see how they tracked their grants to prepare their Single Audit Report.

Another reason provided in interviews with Comptroller staff regarding the missed grant was that there is a lack of uniformity in the management and tracking of grant funds. One department may use activity codes and others will not, which makes it difficult to find the funds in the system. We made a recommendation in the prior section for the Office of the Comptroller to explore the use of codes within the County's financial system or the financial system's grant module to assist in grant tracking which should create uniformity at the County in the tracking of grant expenditures.

We contacted four other municipalities to inquire about how they tracked their grant revenues and expenditures. Three of the four indicated that they employ coding or a module within their financial systems to track their grant expenditures and revenues and to assist in the preparation of their SEFA. One entity reported that they have written procedures, but it was not considered a comprehensive set of procedures. The procedures were only shared with departments as needed.

The Comptroller, in response to the material weakness, added training for departments on the Single Audit along with a comprehensive email to departments of their obligations. Previously, departments had been provided information on their obligations as part of the Comptroller's Year End Closing Schedule.

In our interviews with Comptroller staff, an additional cause for the material weakness was that the manual reconciliation that is done is labor intensive given there is no link between the County's financial system and the State Payment Register, and the accountants must search by an amount to make the link. The County addressed this concern in its corrective action plan in the Single Audit Report with the development of its process to use the State's payment tracking system to compare to what was in the SEFA. We were provided a copy of the eight-page documentation of the process from the Office of the Comptroller.

The Comptroller had previously only provided instructions on the completion of the Single Audit in its year end reporting schedule to departments. In addition, we were provided a comprehensive email that was sent to departments. The email included an attached Inter-Office Communication memo from the Director of Accounting – Office of the Comptroller, dated November 17, 2023, that provided an outline of the attached documents and provided instructions to the departments on what was needed by Central Accounting to accurately



complete the SEFA and any required due dates. Departments were sent a copy of their 2022 Single Audit grants. Additional instructions included:

- Report each grant separately.
- Complete all applicable worksheets for the attached 2023 SEFA.
- Report federal and state awards and programs separately.

The email reminded departments that they play a major role with respect to the development of the Schedules of the Federal and State Financial Assistance, contained within the Single Audit Report. Departments are responsible for ensuring that:

- All federal and state financial assistance awarded to Milwaukee County is included in the schedules.
- The amounts reported within the financial assistance schedules are accurate and supported by the financial records.
- The amounts reported within the federal financial reports and claims for advances and reimbursements contain information that is supported by the financial records.
- All federal monies, which meet the definition, whether it is received directly from a federal agency or indirectly from the State of Wisconsin, (frequently called pass-through monies), must be reported within the Schedules of Federal Financial Assistance.
- Expenditures for the purposes of the Single Audit Report are reported on the accrual basis of accounting. Expenditures reported within the Single Audit must reconcile to amounts recorded in the County's financial system and amounts reported to the funding source.

The Office of the Comptroller developed a comprehensive email with departmental instructions for the preparation of the Single Audit, but it is not readily available on the County's intranet for employees to find or for new employees with financial management responsibilities. The omission of a federal grant on the SEFA or a delay in the issuance of the Single Audit puts the County at risk of losing federal funding and could subject it to findings from federal agencies conducting audits of County programs like the issue in May of 2024 with HUD, therefore, we recommend:

13. The Comptroller convert their memo on departments' roles and responsibilities and role in the preparation of the Single Audit into an AMOP.

Full compliance with the Uniform Guidance and its supplements is a daunting but necessary task at the County to ensure the completion of the NICRA and reasonably assure accurate Single Audit Reports.

The Uniform Guidance which provides requirements for federal grants is a large document with a substantial number of pages. It, along with its supplement which relates specifically to the Single Audit Report, exceeds 2,000 pages. There are 22 federal agencies that have published additional regulations beyond those 2,000 pages. It should be a goal of the County to become and remain in compliance with all regulations found within the Uniform Guidance.



We have several recommendations within this audit to assist the County in achieving that goal.

There are two major areas that we believe will require the most work by the County. The first is the conversion of the financial system to track all grant awards and expenses. This tracking should make the preparation of the County's SEFA in its Single Audit Report an easier task with less risk of error. The second major area will continue to be the development and implementation of the County's NICRA.

As we concluded our fieldwork, the Comptroller expressed concerns that fulfilling the recommendations found within the report along the remaining Uniform Guidance requirements, may exceed the current capacity of the existing Comptroller staff. At the time our fieldwork was completed, the exact number of staff needed was not yet determined, therefore, we recommend:

14. As the Comptroller indicated that staff may be required to provide centralized financial grant management functions and ensure the County becomes and remains in compliance with the Uniform Guidance, the Office of the Comptroller should submit any related staffing needs to the County Board for review and approval.



Audit Scope and Methodology

The objectives of this audit were to determine the adequacy of the County's grant management procedures and practices compared to the Uniform Guidance and other Federal and State funding requirements. We focused on present day conditions as assessed in our fieldwork during calendar year 2024 based upon the Uniform Guidance not including the changes effective in October 2024 which was after our fieldwork was concluded.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our review was limited to the areas specified in this Scope and Methodology Section. During the duration of our audit we:

- Reviewed relevant County Board proceedings, Resolutions, Administrative Manual of Operating Procedures (AMOPs), ordinances, and budgets, regarding issues, concerns, recommendations, and procedures related to grants.
- Reviewed AMOP listing on County intranet to determine chapters and number of AMOPs within each chapter.
- Identified and assessed internal controls relative to the audit objectives including concerns related to control environment, control and monitoring activities, and information and communication. We found the lack of a comprehensive grant financial guide at the time of our fieldwork to be an internal control deficiency.
- Assessed whether the audit had any aspects of diversity, equity, inclusion and accessibility throughout the planning and fieldwork but did not identify any area, however, the grant funding awarded to the County provides services to historically disadvantaged groups.
- Conducted internet research to identify studies and audits that provide useful background information, relevant industry standards, performance measures, best practices comparisons, and recommendations concerning grant management and compliance.
- Obtained and reviewed the County's policies and procedures for the American Rescue Plan Act (ARPA), AMOP Committee, Single Audit report for the years 2021, 2022, and 2023, and Administrative Directive on Acceptable Use pertaining to Personal Identifiable Information (PII).
- Reviewed the Single Audit Act of 1984.



- Obtained and reviewed compliance requirements for State and Federal grants from Title 2 CFR Part 200 Subparts D, E and F and the OMB Compliance Supplement 2023.
- Interviewed and corresponded with DAS-Procurement staff regarding their role with grants procurement and grant contract administration.
- Interviewed DAS Administration staff regarding the formation of the Grants Office for Milwaukee County.
- Interviewed DAS - Risk Management staff regarding roles and responsibilities within the grant management process and the certificate of insurance requirements for grant contracts.
- Interviewed the Treasurer and his staff regarding roles and responsibilities and grant management procedures as it relates to cash management.
- Interviewed and corresponded with the Office of the Comptroller staff regarding their roles and responsibilities with grant management policies and procedures, grant accounting, Single Audit process, and the monitoring of grant awards.
- Obtained and reviewed the Office of the Comptroller rules related to Incurring Obligations under ARPA projects, the Single Audit process and procedures, and the Single Audit process survey results for 2022.
- Interviewed the Comptroller's Director of Financial Service regarding the 2024 Cost Allocation Plan and the County's process to receive a Negotiated Indirect Cost Rate Agreement from the US DHHS. Received and read the draft Grant Financial Guide and Cost Allocation Guide.
- Monitored the October 17, 2024 AMOP committee meeting.
- Interviewed and corresponded with the Office of Strategy, Budget, and Performance staff regarding their roles and responsibilities with grant management, grant development, the tracking and monitoring of grant awards, and data governance on County websites.
- Obtained and reviewed the Office of Strategy, Budget, and Performance competitive grants award report from 2021 to current date and the Grants Need Assessment Survey results for 2021.
- Interviewed Office of the Comptroller, DAS, and SBP regarding the use of the INFOR grants module.
- Interviewed with Department of Health and Human Services staff regarding grant management policies and procedures, uniform guidance awareness, and grant related training.



- Obtained and reviewed the Department of Health and Human Services grant management manual and audit requirements for subrecipients and the purchasing and procurement policy.
- Obtained and reviewed the Department of Health and Human Services – Housing Division 2022 and 2024 letters to and from the U.S. Department of Housing & Urban Development (HUD) regarding remote monitoring findings as it relates to the financial management of grants for rental assistance and covid relief.
- Interviewed the Department of Parks, Recreation and Culture staff regarding grant management policies and procedures, uniform guidance awareness and grant related training.
- Interviewed the Department of Transportation regarding grant management policies and procedures, uniform guidance awareness, and grant related training.
- Obtained and reviewed the Department of Transportation grant administration policy and procedure.
- Interviewed the Office of the Sheriff staff regarding grant administration and management policies and procedures, uniform guidance awareness, and grant related training.
- Observed virtual training sessions for the annual Single Audit process held by the Office of the Comptroller and two grant development sessions held by SBP-PMO.
- Selected judgmental sample of relevant contractual grant agreements based off the Single Audit report for the years 2021, 2022, and 2023 to understand their structure.
- Created spreadsheets documenting the County’s grant policies and procedures compared to the Title 2 CFR Uniform Guidance Part 200 Subparts D, E and F and the OMB Compliance Supplement 2023, County grant agreements, and to determine any gaps of deficiency with the County’s policies, procedures, ordinances.
- Obtained and reviewed AMOP’s regarding grant management within Chapter 11: grant intent notification, grant system of support and competitive grant agreement review and approval, and records management.
- Obtained and reviewed AMOP within Chapter 7: Financial and Management Accounting regarding travel preparation and expense reporting on allowable and unallowable expenses.
- Obtained and reviewed Procurement’s Purchasing Card Manual for items not allowed to be purchased using a County credit card.
- Obtained and reviewed the County’s chart of accounts for the County’s financial system INFOR as a guide for allowable costs.



- Obtained and reviewed Subrecipient Monitoring and Management in Subpart D of the UG 2 CFR from the Code of Federal Regulations.
- Created flowcharts showing the lifecycle of grants at Milwaukee County for competitive and formula grants based upon PMO's tier system of support and the flow of responsible parties for grant work using information from interviews with SBP-PMO staff, AMOPs, ordinance, adopted budgets, and Single Audit Reports.
- Created flowcharts showing the evolution of departments with grant responsibilities at the County since 2011 and the evolution of the County's Grant Office based on information from the 2011, 2012, 2020, 2021, 2022, and 2023 Adopted Budgets.
- Obtained and reviewed documents and testimonials pertaining to Milwaukee County's fixed asset inventory process.
- Obtained and reviewed documentation on best practices for policies and procedures on documentation and Schedule of Expenditures of Federal Awards preparation from the Government Financial Officers Association.
- Obtained and reviewed Chapter 59.25 of the WI State Statutes for the duties and responsibilities of the Treasurer.
- Obtained and reviewed Chapter 59.255 of the WI State Statutes for the duties and responsibilities of the Comptroller.
- Obtained and reviewed Chapter 59.61 of the WI State Statutes for financial transactions.
- Obtained and reviewed Milwaukee County Ordinance Chapter 34 for the role and responsibilities for uniform accounting.
- Obtained and reviewed the Bond Eligibility memo issued by the Comptroller in 2022.
- Obtained and reviewed Wisconsin Act 62 that created the Office of the Comptroller.





Liz Sumner • Comptroller

DATE : December 13, 2024
TO : Jennifer Folliard, Director of Audits, Office of the Comptroller
FROM : Liz Sumner, Comptroller
RE : Department Response: *County Needs to Establish Clear Roles, Responsibilities and Procedures for Grant Management*

The Office of the Comptroller was asked to provide a response to the recently completed audit of grant management roles, responsibilities, and procedures at Milwaukee County. Twelve of the recommendations put forth in the audit include directives for The Comptroller. While this is quite a heavy lift, The Comptroller recognizes the value in the recommendations not only to the three departments involved in the audit, but to the county as a whole and plans to move quickly to begin addressing the items. While some of the items should be resolved within a relatively brief period of time, others, due to system and processes limitations, may take longer to implement. Please find individual responses to each recommendation below.

2. The SBP Director, the Comptroller, and the DAS Director collaborate to determine roles, responsibilities, and processes in relation to grants at the County including communication of the roles to County staff. The departments should set up a structure to regularly review those roles, responsibilities, and processes at least annually.

The Comptroller welcomes the opportunity to work with the Directors of DAS and SBP to discuss the various roles our offices play in grants management at the County and then aiding in communicating our findings to staff. In addition, an annual meeting schedule will be established to review the process and update as needed.

3. The Comptroller, SBP and DAS determine how best to create a centralized space within the County's intranet system to provide staff with a one stop place for all financial management guidance including those specifically related to grants.

The Comptroller sees the benefit in having a centralized online location for financial management guidance and will work with SBP and DAS to facilitate its creation and determine what items should be housed therein.



4. The Office of the Comptroller, with assistance as necessary from DAS, SBP and other County entities,

- Evaluate, within one year, AMOP 7.01 and modify as needed to comply with the Uniform Guidance or to reflect any federal audit findings that are issued within that timeframe.
- Provide annual training on AMOP 7.01 to departments.

The Comptroller will review AMOP 7.01 within the year to evaluate compliance with federal recommendations and the Uniform Guidance and make changes and updates as deemed necessary. In addition, the Office of the Comptroller will provide an annual training on AMOP 7.01 and the information laid out within.

5. The Comptroller explore the implementation of the requirements for all grant funds to be tracked using activity or function codes within the County's financial system or the use of the County's financial system's grants module. Written policies and procedures for departments to follow, along with training, should be developed to assist departments in complying.

Discussions have been ongoing regarding financial system codes for grants tracking. We believe we are close to a solution, but it will take some time to roll out. Once the decision has been made on the best approach for using coding to track grants, written policies and procedures will be developed and rolled out to departments.

6. The Comptroller work with SBP and DAS to develop and issue an AMOP with a list of unallowable costs for Milwaukee County funds using the Uniform Guidance and the Purchasing and Travel Card listings as guidance.

The Comptroller will work with SBP and DAS to develop this list and issue an AMOP by way of the AMOP committee for vetting and approval.

8. The Comptroller submit to the County Board an update to the County Ordinances to reflect the current responsibility for preparation of the Fixed Asset report based upon departmental submittals.

9. The Comptroller should develop written policies and procedures to instruct departments to include the required federal funding information contained within the Uniform Guidance when submitting information for the County's Fixed Asset report.

Given that the County Ordinances are out of date and do not reflect the current organizational structure, The Comptroller will work to have them updated to avoid any confusion over responsibility. In addition, written policies and procedures will be developed to ensure that the correct information is being included in the Fixed Asset report.



10. The Comptroller, with assistance from the Treasurer, should develop and issue an updated Cash Handling Procedure including guidance to departments on alerting the Treasurer's office of pending payments and provide training as necessary to County departments.

The Comptroller recognizes the importance of grants and grant monies to the daily operations of the County and of having an updated Cash Handling Procedure to serve as guidance to the various departments county wide that receive grant funding. In addition, The Comptroller recognizes the importance of the office in providing said guidance which will be completed and then communicated to County departments.

11. The Comptroller should develop and issue written guidelines on the County's obligations per the Uniform Guidance on subrecipient monitoring.

The County has many subrecipients of federal grant funds therefore, providing guidance to departments that oversee the relationships with the subrecipients and ensuring their reporting is accurate is paramount to County functions. The Comptroller will develop and issue written guidelines to help departments comply with the Uniform Guidance.

12. The Comptroller develop written policies and procedures to track signed grant agreements and provide the list to Central Accounting at the end of the fiscal year to assist in the preparation of the SEFA for the Single Audit Report.

For the past several years, since a grant was left out of the SEFA report and the County was issued a material weakness for this omission, efforts have been underway to improve the tracking and reporting of signed grant agreements. Several steps have been put in place within the Comptroller's Office to safeguard against another omission, however those efforts have not been codified in writing. The Comptroller will work to have this done and will provide and communicate the written document and the contents therein to the department as a whole.

13. The Comptroller convert their memo on departments' roles and responsibilities and role in the preparation of the Single Audit into an AMOP.

The Comptroller will submit an AMOP based on a previously communicated memo on department roles and responsibilities regarding the Single Audit to the AMOP committee for approval and release to the county as a whole.

13. The Comptroller indicated that staff may be required to provide centralized financial grant management functions and ensure the County becomes and remains in compliance with the Uniform Guidance, the Office of the Comptroller should submit any related staffing needs to the County Board for review and approval.



As stated in the intro to this response, the Comptroller has indicated that the previous eleven items are a heavy lift for the department and is concerned about staffing levels and the ability to complete these items in a timely manner. The Office will work to develop a staffing needs plan and will present on the plan to the County Board should the need be determined.

A handwritten signature in black ink, appearing to read 'Liz Sumner', is written over a horizontal line.

Liz Sumner
Milwaukee County Comptroller



Exhibit 3

DATE: December 16, 2024
TO: Jennifer Folliard, Director of Audits, Office of the Comptroller
FROM: Joe Lamers, Director, Office of Strategy, Budget & Performance
RE: Department Response on Audit: County Needs to Establish Clear Roles, Responsibilities and Procedures for Grant Management

The Office of Strategy, Budget & Performance (SBP) was asked to provide a response to Audit Services regarding the recently completed audit assessing the County's need to establish clear roles, responsibilities and procedures for grant management. The audit recommendations establish a clear path for documenting critical relationships, processes, and guidelines for the fiscal management of grant revenue received by Milwaukee County.

SBP is committed to leading on the completion of two of the thirteen recommendations as stated below. The Office is also agreeable to collaborating and supporting the Office of the Comptroller and the Department of Administrative Services on closing the remaining recommendations. Specifically, SBP facilitates the AMOP process and can provide technical assistance and support as appropriate.

Please see SBP's responses to each of the recommendations below.

1. Within six months, the Office of SBP should review and update as needed the AMOPs related to grants to reflect current grant application processes and update the responsible party listed for both AMOPs.

The SBP Project Management Office has completed revisions of AMOP 11.01 Grant Intent Notification and AMOP 11.02 Grant System of Support. The revisions have been submitted to the AMOP Committee for review.

The evolution and organizational restructuring that involved the grant development service area since 2021 has impacted the accuracy of the AMOPs in terms of the responsible party. The

PMO is preparing relevant updates and revisions that will strengthen both processes. These updates will be completed within six months and submitted to the AMOP committee for review and approval.

2. The SBP Director, the Comptroller, and the DAS Director collaborate to determine roles, responsibilities, and processes in relation to grants at the County including communication of the roles to County staff. The departments should set up a structure to regularly review those roles, responsibilities, and processes at least annually.

SBP is pleased to work with the Office of the Comptroller and the Department of Administrative Services to document the roles, responsibilities, and processes related to grants. This effort will provide clarity for the centralized offices involved as well as the County departments that require or are impacted by this structure. Understanding the internal changes and process improvement that can occur each year, we commit to revisiting these items as a collaborative at least annually to ensure their relevance.

Recommendation 3: The Comptroller, SBP and DAS determine how best to create a centralized space within the County's intranet system to provide staff with a one stop place for all financial management guidance including those specifically related to grants.

SBP will work with the Comptroller and DAS to prepare a centralized space to provide staff with a one stop place for all financial management guidance including those specifically related to grants.

Recommendation 6: The Comptroller work with SBP and DAS to develop and issue an AMOP with a list of unallowable costs for Milwaukee County funds using the Uniform Guidance and the Purchasing and Travel Card listings as guidance.

SBP will work with the Office of the Comptroller and DAS to develop an AMOP with a list of unallowable costs using the Uniform Guidance and the Purchasing and Travel Card listings as guidance.

Thank you for your recommendations.

Sincerely,

JOSEPH LAMERS

Joe Lamers

Director, Office of Strategy, Budget and Performance

901 N. 9th St., Room 308; Milwaukee, WI 53233 joseph.lamers@milwaukeecountywi.gov





**DEPARTMENT OF
ADMINISTRATIVE SERVICES**
Milwaukee County Courthouse
901 N. 9th St., Room 308
Milwaukee, WI 53233
(414) 278-5353 (Voice), 711 (TRS)

Exhibit 4

DATE: December 10, 2024
TO: Jennifer Folliard, Director of Audits, Office of the Comptroller
FROM: Aaron Hertzberg, Executive Director, Department of Administrative Services
RE: Department Response: *County Needs to Establish Clear Roles, Responsibilities and Procedures for Grant Management*

The Department of Administrative Services (DAS) was asked to provide a response to the recently completed audit of grant management roles, responsibilities, and procedures at Milwaukee County. Two of thirteen audit recommendations are referred to DAS individually or in collaboration with other County Departments. Responses from DAS to those items are outlined below. DAS is committed to supporting both the Comptroller and SBP in efforts to close other recommendations outlined in the audit.

Recommendation 2: The SBP Director, the Comptroller, and the DAS Director collaborate to determine roles, responsibilities, and processes in relation to grants at the County including communication of the roles to County staff. The departments should set up a structure to regularly review those roles, responsibilities, and processes at least annually.

As the Audit outlines, roles and responsibilities related to DAS and other departments have evolved significantly over the last twelve years. DAS welcomes the recommendation and will work collaboratively with the Offices of the Comptroller and SBP to clarify, document, and annually review roles, responsibilities, and procedures related to grant management.

Recommendation 3: The Comptroller, SBP and DAS determine how best to create a centralized space within the County's intranet system to provide staff with a one stop place for all financial management guidance including those specifically related to grants.

DAS welcomes the opportunity to work collaboratively with the Offices of the Comptroller and SBP to create a centralized space within the County's intranet system to provide staff with a one stop place for all financial management guidance including those specifically related to grants.

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**DEPARTMENT OF
ADMINISTRATIVE SERVICES**
Milwaukee County Courthouse
901 N. 9th St., Room 308
Milwaukee, WI 53233
(414) 278-5353 (Voice), 711 (TRS)

Recommendation 6: The Comptroller work with SBP and DAS to develop and issue an AMOP with a list of unallowable costs for Milwaukee County funds using the Uniform Guidance and the Purchasing and Travel Card listings as guidance.

DAS welcomes the opportunity to work collaboratively with the Offices of the Comptroller and SBP to develop and issue an AMOP with a list of unallowable costs for Milwaukee County funds using the Uniform Guidance and the Purchasing and Travel Card listings as guidance.

Recommendation 7: The Procurement Division establish a documented process to periodically update County purchasing requirements to follow the procurement guidelines found within the Uniform Guidance.

The Procurement Division has recently completed AMOP 15.01: Contracting Administration Process, which helps to clarify roles and processes for contracting. This AMOP serves as the baseline for recommended updates to Chapter 32 of the Milwaukee County Code of Ordinances. The DAS Procurement Division will consider how best to periodically update County purchasing requirements to follow the procurement guidelines found within the Uniform Guidance. This may occur within AMOP 15.01 and/or future changes to Chapter 32 as appropriate.



MILWAUKEE COUNTY

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