

**2022 Annual Report  
Fraud, Waste and Abuse  
Investigations**

**March 2023**

**Milwaukee County Office of the Comptroller  
Audit Services Division**

**Scott B. Manske  
Milwaukee County Comptroller**

  
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Office of the Comptroller  
Audit Services Division

# Milwaukee County

Jennifer L. Foliard  
Molly Pahl

- Director of Audits
- Deputy Director of Audits

March 16, 2023

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

We have completed an annual report concerning operation of the Audit Fraud Hotline and other related investigation activities undertaken by the Office of the Comptroller's Audit Services Division during 2022. Per Milwaukee County General Ordinance 34.095(h), the Audit Services Division is required to report annually to the County Executive and the County Board of Supervisors on the preceding year's activities related to fraud, waste and abuse.

The attached report includes a statistical summary of these activities, as well as a brief narrative that describes the nature of various categories of cases resolved during the year. In addition, some of the more interesting cases investigated during 2022 are presented in greater detail.

The nature of alleged improprieties presented to the Audit Services Division for investigations is often complex and continues to involve inter-agency cooperation with numerous governmental entities. As the Audit Services Division begins its 30<sup>th</sup> year of operating the Hotline, the experience gained from working cooperatively with County departments and offices, the District Attorney's Office, the Office of the Sheriff, and other law enforcement agencies has improved the effectiveness of our efforts to combat fraud, waste, and abuse in Milwaukee County government. We believe the attached report demonstrates the value of those efforts.

Please refer this report to the Committee on Audit.

Jennifer L. Foliard

JLF/cah

Attachment

cc: Scott B. Manske, CPA, Milwaukee County Comptroller  
Milwaukee County Board of Supervisors  
David Crowley, Milwaukee County Executive  
Mary Jo Meyers, Chief of Staff, County Executive's Office  
Kelly Bablitch, Chief of Staff, Milwaukee County Board  
Margaret Daun, Corporation Counsel, Office of the Corporation Counsel  
Margo Franklin, Chief Human Resources Officer, Department of Human Resources  
Michelle Nate, Deputy Comptroller, Office of the Comptroller  
Aaron Hertzberg, Director, Department of Administrative Services  
Steve Cady, Research & Policy Director, Office of the Comptroller  
Ciara Miller, Research Analyst, Office of the Comptroller  
Janelle Jensen, Legislative Services Division Manager, Office of the Milwaukee County Clerk  
Allyson Smith, Committee Coordinator, Office of the Milwaukee County Clerk

## Background

The Milwaukee County Board of Supervisors approved the establishment of a hotline within the Audit department on September 23, 1993. The hotline was created for concerned citizens and other interested individuals to report allegations of fraud, waste or abuse in County government. Callers are not required to identify themselves and may remain anonymous.

According to the Association of Certified Fraud Examiners,<sup>1</sup> tips are the most common fraud detection method. Tips account for 42% of initial fraud detection, which is nearly three times greater than the next detection method (internal audit; 16%). Tips from employees account for 55% of reported fraud. Organizations, like Milwaukee County, that operate hotlines are more likely to catch fraud by a tip, detect frauds quicker and experience fraud that is nearly 50% smaller than an organization without a hotline. In addition to the telephone hotline, fraud complaints can be made using a dedicated email address and a website-based online reporting form<sup>2</sup>. Industry trends show that telephone-based tips have declined and the use of email or an online form to make a report have increased.

The Audit Services Division (ASD) is authorized by Wisconsin state statute § 59.225(j)<sup>3</sup> and Milwaukee County ordinance § 34.095 to investigate allegations of fraud, waste and abuse.

In April 2015, following the approval of both the County Executive and the County Board of Supervisors, ordinance § 34.095 took effect. Under the ordinance, county employees, officials, contractors, vendors, and program clients are required to cooperate in an investigation, ASD has increased access to records and premises, retaliation against people who cooperate with an investigation is prohibited and allegations or known instances of fraud, waste and abuse are to be reported to ASD.

Tips and tip information are assigned general internal codes for data tracking purposes and to help create scope as to the frequency and predominate types of alleged fraud occurring in Milwaukee County. For example, a report that employee #1 allegedly stole County property and employee #2 falsified his time would both be coded as "Employee Misconduct." In 2022, ASD reviewed and revised the codes to better define the scope and behaviors subject to each code.

In 2022, ASD created the action code "Resolved" which is defined as "the received complaint required some investigative activity which did not warrant opening a case and no further action was needed or required." In prior years, many of these types of complaints were ultimately coded as "Decline." Using the "Decline" code in those situations artificially inflated the number of complaints which were declined as well as undercut the investigative activity performed by ASD personnel in response to the provided information.

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<sup>1</sup> *Occupational Fraud 2022: A Report to the Nations*. Copyright 2022 by Association of Certified Fraud Examiners, Inc.

<sup>2</sup> <https://county.milwaukee.gov/EN/Comptroller/Fraud-Waste-Abuse>

<sup>3</sup> The comptroller shall perform all audit functions related to county government. The comptroller shall also have the duties and all the powers and responsibilities conferred upon the clerk as auditor under s. [59.47 \(1\)](#), and shall perform any additional duties and shall have any additional powers as are imposed and conferred upon him or her from time to time by resolution adopted by the board. Audit functions under this paragraph shall be performed in accordance with governmental auditing standards issued by the comptroller general of the United States and generally accepted auditing standards.

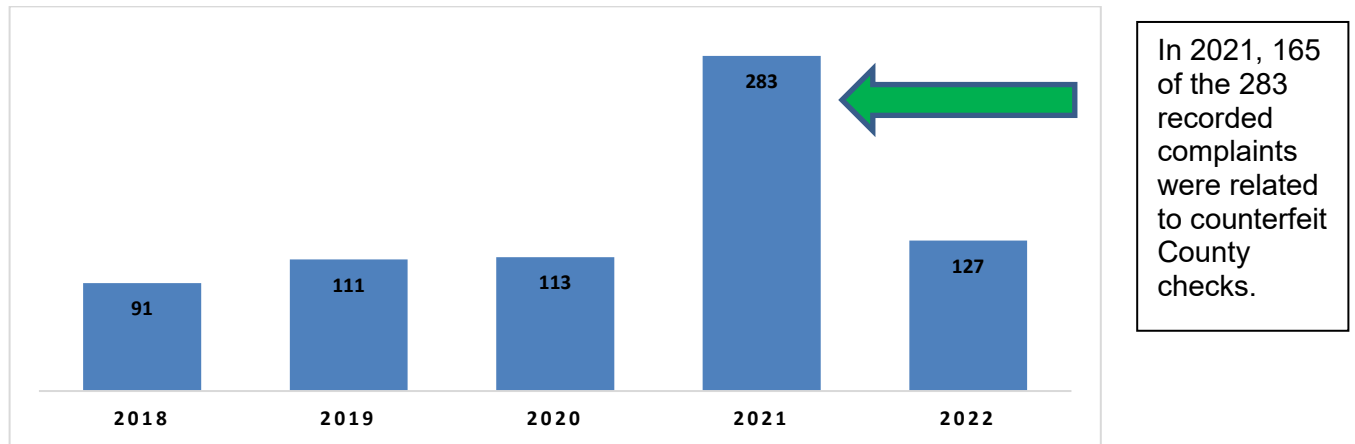
## Summary of 2022 Investigative Activity

### Complaints

ASD received 127 complaints (tips) in 2022. For comparison, in 2021, ASD received 283 tips. The majority of those tips (165) were related to counterfeit checks; complaints for other matters totaled 118. In 2020, ASD received 113 complaints; in 2019, 111 complaints.

**Figure 1** displays the number of complaints received annually from 2018 to 2022.

**Figure 1**



The 2022 figure, as well as prior years' figures, do not include contacts with ASD where personnel directed the complainant to a more appropriate agency before a complaint record was created. For example, when a person calls and speaks to ASD personnel about an alleged fraud involving a state Department of Health Services (DHS) program, ASD personnel will provide the person with the telephone number for the DHS Office of Inspector General (OIG) and not make a record of the contact.<sup>4</sup>

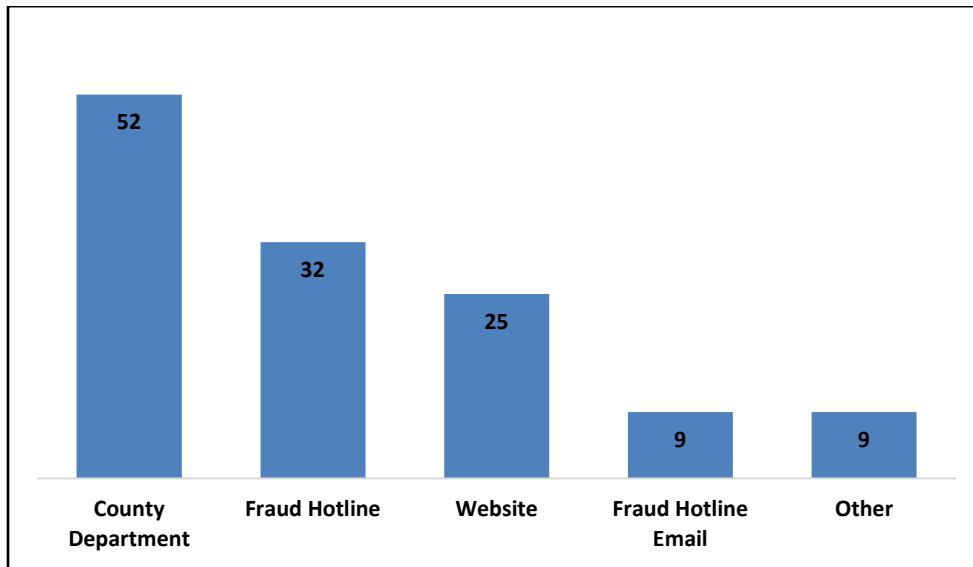
These complaints are categorized by source in **Table 1** and presented graphically in **Figure 2**. Complaints considered made by employees or officials in the course of their normal duties are coded "County Department." "Other" includes complaints made by mailed letter, contacts with individuals that do not fit other categories and ASD initiated. Complaints made using the dedicated fraud reporting email address and the online reporting form collectively surpassed the number of complaints by telephone in 2022.

<sup>4</sup> ASD personnel will record allegations when the County is involved in the administration of a state program or serves as a pass-through agency for state funding.

**Table 1**  
**Allegations of Fraud, Waste or Abuse Contact Origin**

County Department	52
Fraud Hotline	32
Website	25
Fraud Hotline Email	9
Other	9
<b>Total</b>	<b>127</b>

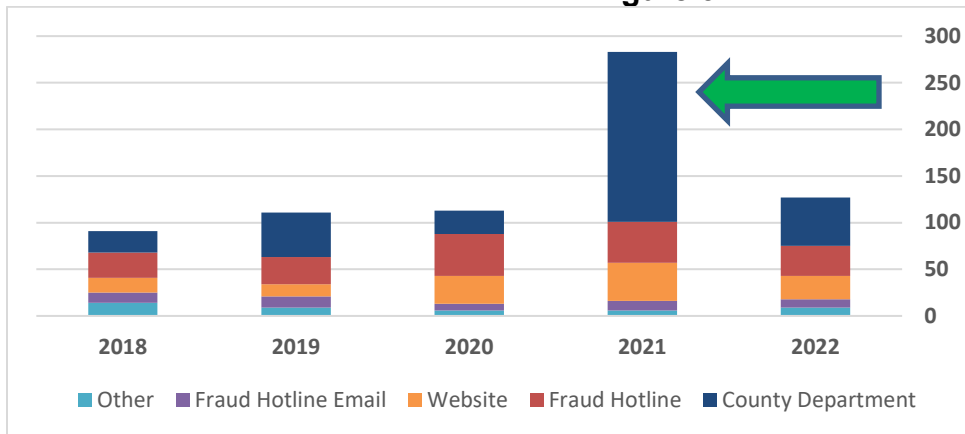
**Figure 2**



**Figure 3** presents a comparison of complaint sources from 2018 through 2022. For year 2021, ASD received 182 complaints attributed to “County Department” because Treasurer’s Office staff reported 165 counterfeit County checks.

Reports from a County employee are consistently one of the more common ways ASD receives complaints. Per ASD’s operating ordinance, County employees are required to report to ASD all known or alleged instances of fraud, waste or abuse. In line with industry findings, complaints made using electronic media exceeded complaints made using the fraud hotline telephone number in 2021 and 2022.

**Figure 3**



In 2021, Treasurer’s Office staff reported 165 counterfeit County checks, resulting in 182 total complaints attributed to “County Department.”

The received complaints were assigned a category code based upon the nature of the alleged misconduct. **Table 2** shows the complaints received in 2022 by category. For this report’s purpose, “Personnel Misconduct” refers to allegations related to County employees and officials.

**Table 2  
Allegation Categories**

Counterfeit/Unauthorized Transaction	35
Non-County	34
Public Assistance Fraud	20
Vendor/Provider Fraud	16
Personnel Misconduct	11
Other Fraud	5
Waste	4
Unfair/Improper Hiring Activities	2
<b>Total</b>	<b>127</b>

**Complaint Dispositions**

ASD opened seven cases in 2022. Two complaints received in 2022 were related to the same allegation and collectively were the predication for one case. For the remaining 2022 complaints, ASD either 1) referred the information to a more appropriate agency or department for action, 2) performed investigative activity which brought the complaint resolution, 3) determined that no action was required or 4) other appropriate action as dictated by the received information.

**Table 3** breaks down the disposition of all recorded complaints in 2022 as whole numbers and a percentage<sup>5</sup>.

**Table 3  
Disposition**

Resolved	47	37%
Referred	41	32%
Declined	19	15%
Pending	9	7%
Case Opened/Related to a Case	8	6%
Other/Provided Information	3	2%
<b>Total</b>	<b>127</b>	<b>99%</b>

A complaint may be declined because the matter does not involve County government, there is insufficient information to begin an investigation, investigating the matter would be a duplication of efforts or ASD does not have the resources available to sufficiently address the allegation.

**Table 4** identifies only the cases opened in 2022 by complaint category.

**Table 4  
Cases Opened**

Public Assistance Fraud	4
Personnel Misconduct	1
Unfair/Improper Hiring Activities	1
Vendor/Provider Fraud	1
<b>Total</b>	<b>7</b>

### **Cases Closed**

ASD closed 11 cases in 2022. The closed cases started in 2019, 2021 and 2022.

Generally, a case is closed substantiated when the evidence reasonably proves that a known actor committed misconduct. ASD submits the substantiated case file, which includes reports, evidence collected during the investigation and ASD’s analysis and determination, to the actor’s department, the Department of Human Resources, and the Office of Corporation Counsel. These departments review ASD’s investigation and determine the appropriate response. A case may also be closed when the alleged subject leaves County employment or affiliation, the alleged issue is corrected by a department or office or ASD determined that further action is unnecessary.

Likewise, when the evidence cannot support a finding that misconduct occurred, the case is closed unsubstantiated. An “unsubstantiated” finding does not mean that the reported

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<sup>5</sup> Due to rounding the percentages to whole values, the total percentage does not equal 100.

misconduct did not occur, but that ASD determined the available evidence does not support administrative or legal action.

As of year-end 2022, two cases remained active investigations. These cases remain open due to complexity, need to work with other agencies or overall demand of resources.

**Table 5** categorizes the 11 cases closed in 2022.

**Table 5  
Cases Closed Findings**

Substantiated	5
Unsubstantiated	2
Referred/Other	4
<b>Total</b>	<b>11</b>

### **Case Highlights**

The following are descriptions of some of the cases closed during 2022. These cases are an example of the kinds of allegations which are reported to ASD. These cases also represent the value the County receives from devoting resources to combating fraud, waste and abuse.

Unless referenced by name, investigation subjects will be referred to by masculine pronouns.

#### **Update to Case #15005**

In June 2020, the US Attorney for the Eastern District of Wisconsin charged former Register of Deeds John La Fave with one count of wire fraud. La Fave entered into a plea agreement to plead guilty to the charge. As part of the plea, La Fave agreed to restitution of \$89,000. In October 2020, the court accepted La Fave's plea of guilty. Following various delays, in February 2022, the court sentenced La Fave to probation for 24 months, \$89,000 in restitution to Milwaukee County and a small court payment. In July 2022, La Fave completed the full \$89,000 restitution payment.

#### **Case # 21002**

In 2020 and 2021, ASD received numerous complaints of alleged improper purchases by a Department of Health and Human Services (DHHS) Behavioral Health Division (BHD) employee. In summary, the employee allegedly used existing contracts with service providers to pay for goods and services which were not appropriate purchases under the existing contracts. The employee approved payment for the non-contract goods and services. ASD personnel found that internal controls, such as written change requirements and position-based purchase limits, were not followed. The service providers were often paid for the identified inappropriate goods and services using a non-Accounts Payable payment processing system (PPS). ASD personnel found that the PPS did not have controls about which payments are appropriate to be made with the PPS versus Accounts Payable.



ASD personnel recommended DHHS BHD review and implement procurement and contract amendment policies, discontinue the use of the PPS and disciplinary action as appropriate. In response, DHHS provided a six-point response plan which included refresher training, contract and policy reviews, and appropriate discipline. The PPS was intended to be shut down in 2023.

#### **Case # 22002**

In March 2022, ASD received a complaint which alleged that a Clerk of Circuit Court employee was falsifying his time by punching in using a mobile device prior to arriving at work. County and Clerk of Circuit Court division policies prohibit using a mobile device to clock in for work unless authorized. ASD personnel reviewed video footage and conducted surveillance of the employee. ASD found that on average the employee arrived at his work location 19.75 minutes after punching in. In some cases, the employee punched in at the same time that the employee was observed at his home and then the employee drove to his work location. ASD personnel interviewed the employee. In summary, the employee acknowledged using a mobile device to punch in and acknowledged punching in while at home or during the commute.

ASD recommended the Clerk of Circuit Court review attendance policies and disciplinary action as appropriate. In response, the employee received corrective action and a review of office work rules was planned.

#### **Case # 22005**

In April 2022, ASD received a complaint of alleged emergency rent assistance fraud. In summary, an emergency rent assistance applicant allegedly submitted false information as part of an application for many months' back rent. The applicant's reported address was an apartment building. The building owner allegedly provided false information by verifying the tenancy information in the application. Based upon the received application, the County vendor approved and issued a payment to the landlord. The reported loss due to the alleged fraud was approximately \$17,000.

ASD personnel found that the applicant and the landlord had a personal relationship. ASD personnel found the applicant had an apartment lease and utility services at a different building and in a different municipality than the address listed in the application. The apartment lease included the same months that the applicant requested and the landlord received payment.

ASD referred the matter to the Milwaukee County Sheriff's Office for further criminal investigation. All parties are innocent until proven guilty.

#### **Case # 22006**

In August 2022, ASD received a complaint of alleged emergency rent assistance fraud. In summary, an emergency rent assistance applicant allegedly submitted false information as part of an application for many months' back rent. The landlord allegedly provided false information as part of the application. Based upon the received application, the County vendor approved and issued a payment to the landlord. The reported loss due to the alleged

fraud was \$13,000.

ASD personnel found that the landlord lived in the application residence with the applicant during the time period of requested assistance. The applicant did not disclose that the landlord lived in the unit. The County vendor reported that it would not have issued payment if the applicant had included truthful information as the emergency rent assistance program does not allow payment toward owner-occupied residences.

ASD referred the matter to MCSO for further criminal investigation. MCSO completed its investigation and presented the matter to the District Attorney's Office for charges. In December 2022, the District Attorney's Office filed Milwaukee County case number 22CF4945 against the landlord, Michelle Edwards, and case number 22CF4946 against the applicant, Cory Rogers. Both Edwards and Rogers' charges include felony theft by false representation. These cases have not concluded. All parties are innocent until proven guilty.

### **Counterfeit/Unauthorized Transactions**

In 2022, ASD recorded 35 complaints related to fake County checks or genuine checks which were intercepted and deposited by unauthorized individuals. The frequency peaked in July and August. Only two complaints were received after August 2022.

In July 2022, ASD self-initiated a complaint to review the County's check creation and mail handling processes to identify possible internal or external weaknesses to check security. ASD's inquiries prompted the mail processing vendor to conduct a review of its operations. The vendor reported that it did not find issues with the processing of the County's mail. The vendor did identify a possible internal issue and reported the matter to law enforcement.

For the fake County checks, the check protective systems in place prevented loss to the County. For genuine checks which were intercepted and deposited by unknown parties without authorization, ASD worked with the necessary parties, including the issuing bank, affected vendors and County departments, to report the fraudulent transactions. This coordination resulted in the known return of \$319,220.57.

### **Other Activity**

In addition to receiving and investigating allegations of fraud, waste and abuse, ASD personnel:

- Consult on performance audit fraud risk assessments in accordance with Generally Accepted Government Auditing Standards.
- Assist other local, state and federal agencies in performing their duties related to investigating fraud, waste and abuse.
- By request, provide information for use by County departments and leadership to make better informed responses to issues of real or perceived instances of fraud, waste and abuse.

### **Milwaukee County Hotline Savings/Recovery (1994—2022)**

These are the accumulated savings and recoveries for the program since 1994. Industry standards recognize \$1 of indirect savings for every \$1 of direct savings.

- Total Direct = \$5,518,833
- Total Indirect = \$11,037,665

**Audit Services Division Mission Statement**

*Through independent, objective and timely analysis of information, the Milwaukee County Audit Services Division assists both policy makers and program managers in providing high-quality services in a manner that is honest, efficient, effective and accountable to the citizens of Milwaukee County.*



# MILWAUKEE COUNTY GOVERNMENT

# H O T L I N E

**Ph: (414) 93-FRAUD – Fax: (414) 223-1895**  
**(9 3 3 - 7 2 8 3)**

Email: [hotline@4securemail.com](mailto:hotline@4securemail.com) Website: [county.milwaukee.gov/EN/Comptroller/Fraud-Waste-Abuse](http://county.milwaukee.gov/EN/Comptroller/Fraud-Waste-Abuse)  
Write: Fraud Hotline- 633 W. Wisconsin Avenue, Suite 904, Milwaukee, WI 53203



## Milwaukee County Comptroller’s Office Audit Services Division

### For Reporting:

- Incidents of fraud, waste or abuse in County government
- Concerns over inefficient Milwaukee County government operations

**CALLERS NOT REQUIRED TO GIVE THEIR NAMES**

### ----- Other Numbers -----

<b>Milwaukee County:</b>		<b>Sheriff’s Office –</b>	
Aging - Elder Abuse Helpline	414-289-6874	Community Against Pushers (Anonymous Drug Reporting)	414-273-2020
Child Support – Customer Service	414-615-2593	Guns Hotline	414-278-4867
District Attorney – Consumer Fraud Unit	414-278-4585	Internal Affairs	414-278-5399
Public Integrity Unit	414-278-4645	<b>State of Wisconsin:</b>	
Mental Health Crisis Hotline	414-257-7222	Child Abuse or Neglect Referrals	414-220-7233
Crisis Hotline (TTY/TDD)	414-257-6300	DOJ Consumer Protection Unit	1-800-998-0700
Minimum Wage Ordinance	414-278-4206	Wisconsin W-2 Fraud Hotline	1-877-865-3432
Employee Relations	414-278-2000	Wisconsin Child Care Fraud	1-877-302-3728
<b>City of Milwaukee:</b>		Legislative Audit Bureau Hotline	1-877-372-8317
Fraud Hotline	414-286-3440	<b>Federal:</b>	
		Medicare Fraud	1-800-447-8477
		Social Security Fraud	1-800-269-0271
		Federal Funds Fraud (FraudNet)	1-800-424-5454