

STATUS OF IMPLEMENTATION – AUDIT SERVICES DIVISION REPORT RECOMMENDATIONS

Audit Report Title: Former ROD’s Willful Disregard for County Policies and Procedures and Cooperative Vendors Facilitated Development of a “Pot of Gold” for Improper Use of County Funds

File Number: 21-297
Status Report Date: October 2023

Audit Issued: February 2021
Department: Register of Deeds, et al

Open Recommendations

Recommendation #1	
Responsible Department – Office of the Comptroller	
<p>Recommendation - February 2021 The Comptroller and the Department of Administrative Services:</p> <ol style="list-style-type: none"> a. Update the current policies and procedures including any financial system instructional manuals to include a reminder to departments that the County does not pre-pay for services. b. Update any current and any new training on payment systems to include a reminder that the County does not pre-pay for services. c. Explore the possibility of adding a pop up reminder to any new financial systems implemented at the county that the county does not pre-pay for services. 	
<p>Deadlines Established Y/N? No</p>	
Date:	Management Comments:
<p style="background-color: yellow;">Current – Oct 2023</p>	<p style="background-color: yellow;">Comptroller Update:</p> <p>The Comptroller’s office has piloted a review program with the DHHS to provide a due diligence process for exceptions to the no-prepayment rule. It is recognized that there may be instances where advance funding is necessary to meet the goals of the county.</p> <p style="background-color: cyan;">Audit Services Division Comment: ASD will reach out to the Comptroller’s Office prior to the next status report, planned for the June 2024 Committee meeting cycle, to request a plan for implementation that includes a description of the required steps and timeline for completion.</p>
<p>January 2023</p>	<p>Comptroller: The updated financial form to report and encumber contracts now includes this reminder: <i>"The County does not prepay for services. Draft the contract to require the Contractor to invoice the County once services are provided."</i> Additionally, the <u>Contracting Continuous Improvement (CI) Project's Work Group to Standardize Required Language</u> is drafting a Master Agreement template to restrict prepayment which is supposed to be done by April 2023.</p> <p>We know that there are instances where prepayments will have to be made. Any procedure will have to allow for exceptions to be approved by management.</p>
<p>July 2022</p>	<p>Comptroller: The updated financial form to report and encumber contracts now includes this reminder: "The County does not prepay for services. Draft the contract to require the Contractor to invoice the County once services are provided." Additionally, the Contracting Continuous Improvement (CI) Project's Work Group to Standardize Required Language is drafting a Master Agreement template to restrict prepayment.</p>
<p>January 2022</p>	<p>The County has now implemented the Infor Financial System. We have not yet updated policies with regards to contracting for services. It is unlikely that we will be able to do a Pop-Up in the new system. However, for all contracts, they must go through Central Accounts Payable of the Comptroller office for approval. We have told this group that prepayments cannot be included in contracts unless they receive the approval of the Comptroller or Deputy Comptroller. For Purchase Orders, terms of payment do not allow for prepayment except in the case of rental agreements or software licenses, which is a general industry practice to allow for prepayments.</p>

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July 2021	Milwaukee County implemented a new financial system (Infor) in June 2021. The County continues to review policies that were previously implemented to make changes which would comply with the new system and appropriate policies. At present, we are not making any changes to the system from how it was developed to ensure that we gain a full understanding of our current rules within the system. We are currently updating all system job aids and training materials and will include the reminder, where appropriate, that Milwaukee County does not pre-pay. In the system optimization phase, planned for the fourth quarter of 2021, we will work with DAS-Procurement to determine what features of the new system might allow for the pre-pay message.
Audit Services Division response – February 2021	<p>A. The County is in the process of transitioning to a new financial system. The first step in the process is training manuals, as indicated in B. below. After the training has occurred, the County will begin looking at policies and procedures that will follow both County policy and best practices for the system. Initially, the County will issue a memo to departments that prepayment of contracts will not be allowed except with the approval of the Comptroller (or designee) and the DAS PSB Director.</p> <p>B. Update any current and any new training on payment systems to include a reminder that the County does not prepay for services. The County is in the process of transitioning to a new financial system. The training materials are being prepared for this transition. We will communicate to the training personnel and module leads that the training material should include a notification in the training material that the County does not pre-pay for services. Any exception to this rule must receive the approval of the Comptroller (or designee) and the DAS - PSB Director (or designee).</p> <p>C. Explore the possibility of adding a pop-up reminder to any new financial systems implemented at the county that the county does not pre pay for services.</p>

Recommendation #2	
Responsible Department – Department of Administrative Services	
Recommendation - February 2021	
The Department of Administrative Services and the Office of Corporation Counsel review the conduct of SSR and determine if debarment as a county vendor is an appropriate action.	
Deadlines Established Y/N?	No
Date	Management Comments:
Current – Oct 2023	DAS - Procurement Update: Discussion and discovery revealed a lack of structure on protocol for DAS Procurement to pursue debarment action, therefore development of an AMOP for a Contractor Code of Conduct will be pursued in 2024 and shall include debarment procedures.
January 2023	DAS - Procurement: DAS-Procurement is reviewing OCC's recommendations.
July 2022	DAS – Procurement continues to work with OCC to finalize and execute a recommendation.

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January 2022	DAS – Procurement has drafted the proposal to debar SSR and is awaiting the Office of Corporation Counsel to determine whether debarment of SSR is appropriate.
July 2021	DAS – Procurement is reviewing the Milwaukee County debarment process with the Office of Corporation Counsel to determine whether debarment of SSR is appropriate.
Audit response – February 2021	Audit included responses from the ROD and the Office of the Comptroller.

Recommendation #7	
Responsible Department – Office of the Comptroller	
Recommendation - February 2021	
The Comptroller work with the Treasurer and the Department of Administrative Services to review the documents received by the Treasurer for Cash Receipt deposits entered into the county’s financial system and consider the inclusion of an attestation that the deposit reflects all earned revenue and it is being deposited in a timely manner. In addition, exploration of a process to monitor accuracy and appropriateness of revenues should be included with that review possibly limited to revenues received from vendors.	
Management Audit Response February 2021	
Deadlines Established Y/N?	No
Date	Management Comments:
Current Oct 2023	Comptroller Update: No further action has taken place at this time.
January 2023	Comptroller: The Office of the Comptroller has determined that the Infor System is unable to be changed to include an attestation that the deposit includes all earned revenue and is being deposited in a timely manner. The Office of the Comptroller is considering an annual memo or AMOP be prepared to remind departments of the rules regarding deposits: deposits should be done on a timely basis and the deposit reflects all the earned revenue of the County, without any deductions or holdbacks. Since deposits are the responsibility of the Treasurer office, such a memo will have to be reviewed with them.
July 2022	Comptroller: The Office of the Comptroller has not finished its review of this item and determined if the system is able to be modified to include an attestation that the deposit includes all earned revenue and is being deposited in a time manner. It is unlikely that the County will be able to include such an affirmation of the deposit, but we will know this by December 2022. As an alternative, the Office of the Comptroller is considering that an AMOP be prepared regarding cash deposits, or a memo sent to departments to remind them of the rules regarding deposits in that the amount is being deposited on a timely basis and represents earned revenue of the government. A memo will be prepared and sent to departments by December 2022 reminding them of these requirements for cash deposits. The completion of an AMOP will be targeted for the Spring of 2023.
January 2022	The County went live with the new financial system in the past year and has been working to close the books for 2021. For 2022, the County still has funds in the project to make

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	improvements or fix any issues with the system. We will know in the next six months if it is possible to make changes as recommended by audit.
July 2021	<p>Milwaukee County implemented a new financial system (Infor) in June 2021. The new system does not have any attestation wording when preparing a deposit since the software is prepared for Infor’s many financial customers. In addition, there is currently a hold on any changes to the new financial system.</p> <p>The Office of the Comptroller will discuss this issue with the Treasurer office and Department of Administrative Services to see if there is any alternative proposal that could help assist with this point. The likely alternative would be a policy that provided to departments.</p>
Audit response – February 2021	I will work with Department of Human Resources and determine what, if any, steps are necessary to address this recommendation. Please note that on June 11th, 2019, I issued a policy directive that I and the Chief Deputy ROD would review and approve (sign/initial) all bills, invoices and notices of payments or disbursements connected with contracts which the ROD Office has with vendors, the State or other County entities. (See Attachment A). Moreover, on June 3rd, 2019, I met with Fidler representatives and advised them that I and my Management team would not accept any gifts from them or any other vendor of the ROD Office.

Recommendation #8	
Responsible Department – The Office of the Comptroller	
Recommendation - February 2021	
The Comptroller work with the Office of Corporation Counsel and the Department of Administrative Services to update Chapter 56.30 of the Milwaukee County Code of Ordinances, where applicable, to reflect current statutory guidelines for contract approval at Milwaukee County. In addition, language that results in the inclusion of revenue contracts be added.	
Deadlines Established Y/N?	No
Date	Management Comments:
Current – Oct 2023	Comptroller Update: No further action has taken place at this time. We are awaiting the draft AMOP on contract procedures to be approved.
January 2023	Comptroller: The Contracting Continuous Improvement (CI) Project is working to prepare a procedure on contracting for the County. Such a procedure would then lead to any update to ordinances. The Contracting Continuous Improvement Project is stating that they will have a procedure by this spring.
July 2022	Comptroller: The Contracting Continuous Improvement (CI) Project may inform the ordinance amendment recommendations.
January 2022	During the next six months the group is planning to meet to create an AMOP and resulting ordinance change. We are more settled with the new financial system now, which allows us to create a procedure around how the system operates.
July 2021	The Office of the Comptroller, Corporation Counsel and Administrative Services had a meeting to begin discussions on changes to Ordinances and Policies as they relate to professional services. Discussions will continue on this matter.

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Audit response – February 2021	The Comptroller, the Office of Corporation Counsel and the Department of Administrative Services have been working on an Administrative Procedure (AMOP) for contracts, which reflects the current Wisconsin Statute and the current interpretation of those policies. The completion of the AMOP on Contracting will allow for these departments to determine the best means to then update County Ordinance to reflect such AMOP on contracting. This group will have to determine the best method for updating County ordinances on professional service contracting under County Ordinance 56.30. Discussion will occur with each of these groups to determine the best method to respond to this recommendation.
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Recommendation #9	
Responsible Department – Office of the Comptroller	
Recommendation - February 2021	
The Department of Administrative Services, the Comptroller and the Office of Corporation Counsel form a workgroup to finalize and issue an updated AMOP that is accessible on the AMOP website that includes current and accurate procedures to follow for purchasing contracts.	
Deadlines Established Y/N?	No
Date	Management Comments:
Current – Oct 2023	Comptroller Update: A draft AMOP has been submitted for approval. It is anticipated to be finalized and approved on November 16, 2023.
January 2023	Comptroller: The Contracting Continuous Improvement (CI) Project aims to recommend an AMOP for contracts by the spring of this year.
July 2022	Comptroller/DAS: The Contracting Continuous Improvement (CI) Project aims to recommend an AMOP for contracts at the end of this year.
January 2022	During the next six months the group is planning to meet to create an AMOP and resulting ordinance change. We are more settled with the new financial system now, which allows to create a procedure around how the system operates.
July 2021	DAS is forming a workgroup with the Comptroller and the Office of Corporation Counsel to draft and issue an AMOP that includes current and accurate purchasing contract procedures.
Audit response – February 2021	The Comptroller, the Office of Corporation Counsel and the Department of Administrative Services have been working on an Administrative Procedure (AMOP) for contracts, which reflects the current Wisconsin Statute and the current interpretation of those Statutes and how they apply to Milwaukee County contracting processes. While the AMOP work is continuing, it is uncertain the date when it will be finalized, as it may have to consider any changes needed as we transition to a new financial system.

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Recommendation #10	
Responsible Department – Department of Administrative Services	
Recommendation - February 2021	
The Department of Administrative Services, the Comptroller and the Office of Corporation Counsel form a workgroup to develop a training program (and accompanying manual) for newly elected officials to explain the role of elected officials and the application/explanation of relevant county policies and procedures.	
Deadlines Established Y/N? Yes	
Date	Management Comments:
Current – Oct 2023	DAS Update: DAS has partnered with Office of Strategy Budget and Performance to prepare a Draft AMOP that is on track to be reviewed during the December AMOP cycle. The program would be in place in advance of the April 2024 election cycle. The draft has been shared with the Comptroller and Office of Corporation Counsel for review and input.
January 2023	DAS: We continue to work on this recommendation to identify appropriate training and workgroups and will have a full implementation by mid-2023.
July 2022	DAS: A training program will follow procedure updates referenced in Recommendation #9.
January 2022	The workgroup on contracts will finish the modifications to ordinances and the AMOP first. From this work, a training program and manual for elected officials will be produced within the next year, with a focus on contracting.
July 2021	DAS is forming a workgroup with the Comptroller and the Office of Corporation Counsel to develop a training program and accompanying manual for newly elected officials to explain the role of elected officials and the application/explanation of relevant County policies and procedures as they relate to purchasing contracts.
Audit response – February 2021	The Comptroller will work with the Department of Administrative Services and the Office of Corporation Counsel to develop a training program for newly elected officials to provide an overview of the County policies and procedures. The procedure manual provides an overview of County Ordinances, Administrative Procedures (AMOP) and Ethics code. The goal is to not duplicate documents that currently exist. These other departments may have different thoughts of how this can best be presented, so this is only the recommendation of the Office of the Comptroller.

Newly Closed Recommendations

None

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Previously Closed Recommendations

Recommendation #3	
Responsible Department – Department of Human Resources	
Recommendation - February 2021 The Department of Human Resources work to create and publish guidelines for departments to use when establishing procedures to follow when employees request to perform work for an outside entity including specific instructions when that outside entity is a vendor under a county contract.	
Deadlines Established Y/N? No	
Date	Management Comments:
Jan 2023	DHR: The Department of Human Resources (DHR) published <i>Departmental Guidelines for Employees Requesting to Work Outside of Milwaukee County</i> on December 2, 2022. These guidelines were emailed to Milwaukee County people leaders on December 2, 2022.
July 2022	DHR: The Department of Human Resources (DHR) in collaboration with the Ethics Board is finalizing the departmental guidelines on secondary employment. After discussion and review, the guidelines will refer only to ‘secondary employment.’ Once the departmental guidelines are finalized, we will determine how these guidelines will be rolled out to Milwaukee County employees.
January 2022	The Department of Human Resources (DHR), in collaboration with Ethics Board, has completed a draft of departmental guidelines on secondary or dual employment. DHR will continue to partner with the Ethics Board on these guidelines and other ethics related matters under their purview. In addition, guidelines and procedures regarding dual employment are covered in the annual mandatory Ethics for Milwaukee County e-learning, which all employees are required to complete by March 31, 2022.
July 2021	The Department of Human Resources has begun to draft departmental guidelines outlining procedures they can use for employees working with outside entities. Draft guidelines have a targeted completion date of August 31, 2021.
Audit response – February 2021	Audit included responses from the ROD and the Office of the Comptroller.

Recommendation #4	
Responsible Department – The Register of Deeds	
Recommendation - February 2021 The ROD should work with the Department of Human Resources to review the conduct of ROD employees who were included on email correspondence discussing the former ROD’s scheme and who processed inappropriate invoices on his behalf to determine whether corrective action is appropriate for violation of State Statutes, county ordinances, policies and procedures.	
Date	Management Comments:
January 2022	Recommendations contained in the Investigation Summary Report were fully implemented by

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	ROD Ramon. Implementation began 9/13/2021 and successfully concluded on 12/7/2021.
July 2021	ROD Ramon met with representatives of Human Resources (HR) and Office of Corporation Counsel (OCC) on 02/25/2021. An investigation plan was developed which was carried out by HR in consultation with OCC. ROD Ramon did not take part in the actual investigation given that his tenure postdated the events in question. ROD Ramon made his office and staff available to the investigators. The investigation included interviews with key ROD management and supervisory personnel. ROD Ramon received the Investigation Summary Report on 07/21/2021. The report was carefully reviewed, and he met with HR representatives on 07/28/2021 to discuss their recommendations. ROD Ramon thanked HR for its thorough investigation and has determined that the Report findings and recommendations are consistent with Civil Service Rules and reasonable employment practices. He has adopted the Report and recommendations as his own and will implement the recommendations accordingly.
Audit response – February 2021	I will work with Department of Human Resources and determine what, if any, steps are necessary to address this recommendation. Please note that on June 11th, 2019, I issued a policy directive that I and the Chief Deputy ROD would review and approve (sign/initial) all bills, invoices and notices of payments or disbursements connected with contracts which the ROD Office has with vendors, the State or other County entities. (See Attachment A). Moreover, on June 3rd, 2019, I met with Fidler representatives and advised them that I and my Management team would not accept any gifts from them or any other vendor of the ROD Office.

Recommendation #5	
Responsible Department – The Ethics Board	
Recommendation - February 2021 The Administrator of the Ethics Board prepare a resolution to be considered by the County Board to modify the Statement of Economic Interest form to include information regarding the status of vendor’s relationship with a department when a gift has been received in excess of \$50.	
Date	Management Comments:
January 2022	The resolution to update the language of MCO §9.14 which was approved by the County Board in September. The changes to the SEI form were incorporated for future submissions beginning last November.
July 2021	In May, the Ethics Board approved new language for MCO §9.14 that would modify the SEI form to satisfy this request. The Ethics Board Administrator is preparing a resolution to submit to the County Board by the August 20, 2021 submission deadline for consideration during the Board’s September cycle.
Audit response – February 2021	I will work with Department of Human Resources and determine what, if any, steps are necessary to address this recommendation. Please note that on June 11th, 2019, I issued a policy directive that I and the Chief Deputy ROD would review and approve (sign/initial) all bills, invoices and notices of payments or disbursements connected with contracts which the ROD Office has with vendors, the State or other County entities. (See Attachment A). Moreover, on June 3rd, 2019, I met with Fidler representatives and advised them that I and my Management team would not accept any gifts from them or any other vendor of the ROD Office.

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Recommendation #6	
Responsible Department – The Register of Deeds/DAS Procurement	
Recommendation - February 2021	
The ROD request full documentation from Fidlar of the debits from the funds on account from 2010 to 2019 including any documentation provided by La Fave; prepare a written policies and procedures manual to document new contract review and signature signoff implemented in the office and issue a Request for Proposals for all products currently offered from Fidlar at Milwaukee County.	
Date	Management Comments:
January 2022	<p>Register of Deeds: ROD Ramon and the ROD Office worked closely with Procurement in facilitating the development and issuance of a land records RFP which occurred on or about 8/30/2021. An RFP evaluation committee was formed consisting of members of the ROD Office, Procurement, IMSD, and the Milwaukee County Land Information Office. The RFP evaluation committee continues to evaluate proposals received.</p>
July 2021	<p>Register of Deeds: ROD Ramon received the full documentation of debits from Fidlar on 02/26/2021. The documentation was then reviewed by ROD Ramon and key supervisory staff. The documentation was submitted to Audit Services Director Jennifer Folliard and Deputy Molly Pahl on 03/01/2021 with notations meant to improve their understanding of the documentation from ROD Ramon.</p> <p>DAS - Procurement Division: Procurement is facilitating the RFP process. It is expected that an RFP will be issued on or before August 30, 2021. The RFP process included examination of the Audit findings and inclusion of necessary detail for any future vendor(s). Updates may be obtained from Procurement as needed</p>
Audit response – February 2021	<p>This request will be made and once the information is received, it will be forwarded to the Audit team. A contract review policy has been developed and I look forward to the Audit team’s input on any changes to it that may be necessary. (See Attachment B). It is also important to note that with the assistance of Procurement, Contract Management, and the Office of Corporation Counsel, a one-year Master Service Agreement with Statement of Work provisions was drafted, approved and signed by all necessary county department heads in November 2019. That contract was extended in February 2021 and will run through December 2021. Request For Proposal and/or Request For Information discussions with Procurement and Contract Management took place in the Fall of 2019 and again in 2020. Due to the COVID-19 Pandemic, those discussions were put on hold. It is my hope that an RFP/RFI can be issued later this year.</p>