



STATE OF WISCONSIN

Legislative Audit Bureau

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Joe Chrisman
State Auditor

DATE: April 22, 2014

TO: Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee

FROM: Joe Chrisman
State Auditor 

SUBJECT: Proposed Audit of the *Advancing a Healthier Wisconsin* Program and the
Wisconsin Partnership Program

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering an audit of the *Advancing a Healthier Wisconsin* program, which is operated by the Medical College of Wisconsin, and the *Wisconsin Partnership Program*, which is operated by the University of Wisconsin (UW) School of Medicine and Public Health.

Under the terms of a March 2000 Order issued by the Office of the Commissioner of Insurance, Blue Cross Blue Shield United of Wisconsin converted from a nonprofit hospital service insurance corporation to a for-profit, publicly held stock insurance corporation and apportioned \$630.4 million to endowments held by the Medical College of Wisconsin and the UW School of Medicine and Public Health. Each school conserves most of its endowment principal and uses investment income to fund projects through its program. The Order specified that 65.0 percent of funds be spent for medical education and research and 35.0 percent be spent for public health initiatives.

The Order also required that each school obtain a financial audit and a program evaluation of its program every five years. In addition to completing certain financial audit work for the program operated by the UW School of Medicine and Public Health, the Legislative Audit Bureau conducted the first evaluation of the programs of both schools. Report 10-6, which was issued in May 2010, considered the activity of each program from 2004 through 2008. From inception through December 31, 2008, the program operated by the Medical College of Wisconsin spent \$32.1 million, while the program operated by the UW School of Medicine and Public Health spent \$44.1 million.

In report 10-6, we found that grant funding was awarded to 396 projects from 2004 through 2008. Of the 80 projects we reviewed, 46 achieved all or most of their objectives or appeared likely to do so by the end of their grant periods. Although we found the programs generally complied with requirements for awarding and monitoring their grant funding, we included recommendations in report 10-6 to improve application review procedures, project monitoring, disclosure of external funding, and conflict-of-interest policies. We also recommended the

Commissioner of Insurance work with each program and the Wisconsin United for Health Foundation, which originally had formal oversight and enforcement authority, to clarify several policy issues to ensure that funds are spent in a manner that is consistent with the intent of the Order.

The Commissioner of Insurance and program administrators at each school have requested that the Legislative Audit Bureau conduct the second five-year evaluation, which would consider program activity during the period from 2009 through 2013. Such an evaluation could include a review of:

- the oversight of the programs by each school and the role of the Wisconsin United for Health Foundation;
- the process used by each program to award grants;
- the adequacy of the program's efforts to monitor and oversee projects; and
- the actions taken by each program, the Wisconsin United for Health Foundation, and the Commissioner of Insurance to consider and implement the recommendations from report 10-6.

In addition, the Commissioner of Insurance and the UW School of Medicine and Public Health have again requested that the Legislative Audit Bureau conduct work adequate to fulfil the financial audit requirement for that program under the Order. The Commissioner of Insurance has approved a request of the Medical College of Wisconsin to again have its program's financial audit requirement fulfilled by the school's existing external auditor.

I hope you find this information helpful. If you have any additional questions, please contact me.

JC/sw

cc: Senator Mary Lazich
Senator Alberta Darling
Senator Kathleen Vinehout
Senator John Lehman

Representative Howard Marklein
Representative John Nygren
Representative Jon Richards
Representative Melissa Sargent

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