



STATE OF WISCONSIN

Assembly Journal

Ninety–Third Regular Session

THURSDAY, August 6, 1998

The Chief Clerk makes the following entries under the above date:

ADMINISTRATIVE RULES

Assembly Clearinghouse Rule 98–001

Relating to residential rental practices.

Submitted by Department of Agriculture, Trade and Consumer Protection.

Report received from Agency, July 29, 1998.

To committee on **Housing**.

Referred on August 6, 1998.

Assembly Clearinghouse Rule 98–054

Relating to adding butorphanol to the classification of controlled substances in schedule IV of chapter 961, Stats., the uniform controlled substances act.

Submitted by Department of Regulation and Licensing.

Report received from Agency, July 31, 1998.

To committee on **Criminal Justice and Corrections**.

Referred on August 6, 1998.

Assembly Clearinghouse Rule 98–088

Relating to employer self–insurance under the worker’s compensation program.

Submitted by Department of Workforce Development.

Report received from Agency, July 28, 1998.

To committee on **Labor and Employment**.

Referred on August 6, 1998.

Assembly Clearinghouse Rule 98–089

Relating to the cost of retained counsel.

Submitted by State Public Defender.

Report received from Agency, July 28, 1998.

To committee on **Judiciary**.

Referred on August 6, 1998.

REFERRAL OF AGENCY REPORTS

State of Wisconsin
Department of Transportation
Madison

July 28, 1998

To the Honorable, the Legislature:

Enclosed is the report required under Wisconsin Act 119, regarding the release of photos from the Department of Transportation driver record files to Wisconsin and adjacent state law enforcement agencies.

This report will be provided annually, and contains the agencies and the purposes for which copies of the photographs were provided.

If you have any questions regarding the release of photographs please contact Jennifer L. Olson, Supervisor in the Records and Licensing Information Section, Bureau of Driver Services, Division of Motor Vehicles by phone at (608) 264–7060, fax at (608) 267–3636, or e-mail at dotrlisd@mail.state.wi.us.

Sincerely,
CHARLES H. THOMPSON
Secretary, DOT

Referred to committee on **Highways and Transportation**.

State of Wisconsin
Department of Health and Family Services
Madison

July 30, 1998

To the Honorable, the Assembly:

Section [46.972\(4\)](#) of the statutes requires the Department of Health and Family Services to submit to the Legislature a report each year on the allocation and expenditure of funds for services for homeless individuals with severe and persistent mental illness. Attached is the report for calendar year 1997.

Sincerely,
JOE LEEAN
Secretary, DHFS

Referred to committee on **Health**.

State of Wisconsin
Department of Commerce
Madison

August 4, 1998

To the Honorable, the Assembly:

This fulfills our statutory requirement to submit a quarterly report (for the Second Quarter) and a yearly update of our Strategic Plan to the legislature. Enclosed are the Recycling Market Development Reports.

Sincerely,
GAIL MILLER WRAY
Executive Director, Dept. of Commerce

Referred to committee on **Environment**.

AGENCY REPORTS

State of Wisconsin
Legislative Audit Bureau
Madison

July 31, 1998

To the Honorable, the Assembly:

We have completed a financial and compliance audit of the State of Wisconsin as requested by state agencies to meet the audit requirements of the Single Audit Act of 1984, as amended, and provisions of the federal Office of Management and Budget Circular A-133. Our audit covers the grants administered by state agencies, including the University of Wisconsin System, during the period July 1, 1996 through June 30, 1997. In addition to satisfying federal audit requirements, the single audit assists us in meeting state audit requirements under section 13.94, Wis. Stats.

Report 98-12 contains the auditor's reports on internal control and compliance, findings of noncompliance with federal requirements, and the results of our follow-up to prior audit findings; agencies' responses to our recommendations and their plans for corrective action; and the Schedule of Expenditures of Federal Awards. We have identified \$417,036 in questioned costs. However, the amount the State may be required to repay the federal government is likely to be less than this amount because the federal government may resolve our findings in a manner that does not require the State to return funds to them. For example, the federal government may allow the State to substitute other expenditures to replace the expenditures that we question.

The largest area of questioned costs relates to the indirect and overhead costs charged to federal grants by the Department of Administration (DOA). Typically, state agencies calculate eligible indirect costs based on a percentage of the total salaries and fringe benefits charged to the federal grants. When calculating its indirect cost rate, which must be

approved by the federal government, DOA included \$2.1 million of central service costs that were also allocated to other state agencies to be included in their calculations. Therefore, DOA's indirect cost rate was too high, resulting in \$146,720 of questioned costs. We also question \$68,952 of overhead costs that DOA charged to federal subgrants because DOA did not seek approval of its methodology to allocate such costs to these grants. In both cases, the amount that may need to be paid back to the federal government may be less than the amount questioned. For the indirect cost rate error, we note that DOA could have included other costs in its rate calculations that may offset the amount we question.

The next largest area of questioned costs relates to interest charges. The federal government has rules prohibiting states from claiming federal reimbursement for interest charges incurred in financing buildings constructed prior to October 1, 1980. We question \$93,905 that the Department of Workforce Development claimed for such interest charges. We have expressed similar concerns in prior years. The Department of Workforce Development has agreed to reimburse the federal programs for interest charged during our audit period and to discontinue charging building interest to federal grants in the future.

In addition, we question \$36,181 in costs that the Department of Natural Resources charged to one of the grants because, based on data provided by DNR staff, it appears the grant was overallocated non-administrative indirect costs. DNR did not maintain sufficient documentation to show that the methods used to allocate these costs were accurate. This area of concern affects almost all of the grants that DNR administers.

We question \$46,676 in costs claimed by the Department of Agriculture, Trade and Consumer Protection because it did not require all of its employees to document their work effort by completing time reports, as required by the federal government. Finally, we question \$24,602 in costs for a variety of other findings at various state agencies.

Our unqualified audit opinion on the State's financial statements was included in the Comprehensive Annual Financial Report for the fiscal year ended June 30, 1997. This report was published by the Department of Administration in December 1997 and is available from the State Controller's Office in the Department of Administration.

Our single audit report is lengthy and detailed. We are, therefore, limiting our initial distribution of the report to those required by law to receive copies; the audited state agencies and the federal agencies to which our findings relate. However, if you are interested in receiving a copy of the single audit report, please contact our office and request report 98-12.

Respectfully submitted,
JANICE MUELLER
State Auditor