

☛ **05hr_JC-Au_Misc_pt04g**



☛ Details: Follow-up: Letter Report (November 2004), Opportunities Industrialization Center of Greater Milwaukee

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (September 2012)

OIC

- NOV 9, 04 critical audit released 1
- overlap in
- 2.1 mill ^{flow} from OIC-Gu to organizations
- questioned costs-
- 11-9 → 12-1 hearing
- speak to issue of indep. auditor that is fair
- Dec. move to recover funds withheld
- the majority secured by withholding profits
- agency accountability & control
- did it take control of just OIC or affiliates too?

- UK Report last mo. - financial
audit - status of each &
affiliate

- not actively auditing
finishing compreh. w-2 -
focus programmatic

DWD 2-11

• reduced contract by 17.9m⁸

• 3 → 1 region

• add add staff

• 2-1 - if not taken
action by 2-28
eliminate contract

training board

added steps to corrective
action

2-8 → 2-7 OIC Board

voted to

1-3 mos. transition
period

- DWD decided ^{reviewed} ^{financials}
terminate contract \approx
b/c emergency

- Bill Clingan + AG staff
seize W-2 funds
to ensure bal of Feb
services provided +
participants
served

move quickly know
not operate for full
plan

UMOS - 70% of
partic serviced by
W-2
maximum 30%
as of 3/11 - for bal of
cal

- proximity
- ability + exp. w/
complex.
- ability to take over
immediately

- Communicated no further to OIC
- withheld Dec 04 pyment
- " Jan 05 reimburse
- " any of Feb 05

- file liens + any other legal action to recover \$

as happens at use of contract give funds 2.4 million

OIC-GM obligated to repay AG working

top bank atty assisting other creditors - property + equip.

all avenues being reviewed

not a drop in service 5
Staff \rightarrow ~~70%~~

of partic. \rightarrow 70%
UMOS

\rightarrow 30%
maximus
close to where partic's
live

- ~~Partic~~
- sent ltr to all partic.
 - no disruption in service
 - 73% of staff employed
by UMOS & maximus
interviewed & decided
to retain

make sure tax & protected
& participants served

as work on next W-2
contracts release in May
looking hard at W-2
contracts so don't feel
ourselves in
situation

help correct low income
to work → career ladders

11-03 sent

- atty wrote to OTC -
been improper activities

12-03 signed ~~ble~~ of w/strict
protections

• stronger monitoring +
auditing

• have to review if cont.

1-04 guilty plea Gangs.

CR? by laws established
any and all contracts
in place

- most aggressive steps

way program set up
monitoring staff monitor

programming - even
contract - every yr.

indep ^{single} financial
audit

single audit →
clean bill of health
on fiscal mgt. 7

believe procedures in place
auditors

DWD reviews monitoring
adm. / programming

sought assistance AG
in regards to
accty. firm

can't publicly comment

- Kind of info assume
addressed * fiscal mgt.

- Pledge as go forward
any future contracting
anything state shd.
be fiscal, accty. -

Clear set of standards
so know trustworthy

- check accty & organiz.
check of written bylaws
policies, bylaws

tight provisions in 8
monitoring guide

scope of monitoring

up front

how contract w/ agency w/ no
bylaws

look at previous audits
to see if contract w/
agency

UK - produces a problematic
previous

go into next 2 yr. contract
w/OIC → single
audit did ongoing
w/bus.

other units of govt did
work w/OIC

ordered diff firm retained
b/c concerned no conflict
or questions

alternating

9

- Syn. of plan

- ~~at all~~ embrace strongest standard
- what put in place for all contracts for greater assurance
- 6 divisions → 1 adm. division
we have auditing staff former CAB staff involving them actively in our work to oversee

top 14 people -

when new director
retirement cleanup
he took strong action -
most top staff
COO & VPS

running through M Feb 28
casework

Tyrone - bid started to
be replaced 10

financial people indicted
still getting inaccurate

elim. people on the bid -
get more

Brd huge obstacle b/c no
bus experience

CFD - being charged fed.

terminated in Dec. 31

resigned in Nov.

3-2 nobody would

affiliates - dealt w/ 2 contracts

had w/ agency - state

DWD

~~get~~ get back to comm on
recorp \$

Kaufert:

Severance pkg -

⊗ will check & get back // to us

OK banks are #1 we aren't getting #

RG acting Feb 10 & then Feb 11
1.2 mill. transferred bank

OK • hard assets usually collateralized on bank

→ Some discussions about rebidding
diving up & take over temp.

OK are there more that wd. come in - rebid?

RG may ~~up~~ - for 1-1-06
Any issue list of intent

→ NOV → 3-1 regions

knowing tight budget -
who step in w/ experience

As look to future & view 2 yr. contract cycle

Carefully, not disjointed

- staff assurances & get of workers
- participants being served

Y works -
 Produced a good proposal
 main subcontractor of OIC

* Why did it take an audit
 & not the dept to
 figure this out?

~~Why did it take an audit~~
 • don't we scrutinize

2 pts: why
 • performed very well
 • case mgmt
 • case load being well
 managed

we ourselves found info
 & improprieties

DK OIC records - property of
 state

2/11 - all files, papers
 & boxes

no evidence
 locks changed & moved to
 a state location

CR
in bid documents -
require more info? 13
- likely changes to have
strongest

RC: clarify AG role
• criminal & solidify
• in touch w/ AG +
Laurie working with
- bankruptcy
- criminal
strong coop w/ US Atty
& Dist Atty

- US D&F
- DPI
- ~~DP I~~

MM: in Milw only area to contact
w/ private
→ most are counties
monitoring & letting contracts
Similar re: public vs. private
agency?
Same safeguards &
monitoring
they have contractual

work w/ JFC \$ avail - 14

get \$

taking steps to secure \$2.4^{given} at start

applauds

Priority - econ margin
- ~~to~~
participants

RG - every time make a change
face risk of losing services

SK: facing any consequences from feeds

RG: fed govt - been coop w/ fed.
DHSS

info from state to help them

Exceeding perf. standards
over last 2 yrs -
got add'l money

OK
about \$6 million

→ withholding

3 mos. advance at 15
start
mid year start taking back
as 2 yr. contract goes forward

✓ get us invest. info too

11/29 - DWD phone conference

\$80+M contract
DWD said they would

- monitor
- audit
- watch
- not seeing progress they wanted to see
- Sept - corrective action plan

↳ had to address all issues so far, plus LAB audit & Vichow Krause audit (to. mo. late)

- take LAB finding incorporated into what they need to do.

see ??

How does OIC pay this money back when the people who absconded w/ the money are gone

↳ Owe alot to MAE of Legacy Bank - ^{starting fines} - Doctors Sims
↳ lightened their management to make top level cuts

- changes in the best interests of the citizens of WI
- OIC-GM too much to handle - don't have capacity to take on all regions previously assigned
- Goal of program is workforce attachment
- improving economy

Why Works - subcontractor -

↳ has good program capacity

↳ mgmt & fiscal concerns

↳ now

↳ monitor - Betty Rogers, MSW Soc. Work

↳ Vichow-Krause - fiscal agent

- OIC's CFO leaving

11/18/04 - DIC

V.P.
Board Chair - May Bolden
Pastor - Tyrone Odoms
Georgia Cameron
Michelle Buckingham

- Tyone - 4th week

- Georgia - 1997

↳ 1999 - 2003 cell phone company

↳ bought new phone system - SBC - USW system

↳ recently closed pallet company

→ " " Human Services Triangle, Inc

↳ 2 group homes < AUSA/schizophrenics
Adults w/ disabilities

- Tyone

↳ MPS → Neighborhood Schools initiative

↳ Bradley Tech (built)

↳ homeless kids (750 in MPS in the first 2 months of year)

- As you shed caseloads - not into work but just dropping out → more problems in community
SOC trying to track

- Caseload reduction

→ alot going to school, dropping out of W-2

→ going back to workforce philosophy - pre-screening - explaining

⊙ that this is a work program, not an entitlement program - what the person's rights & responsibilities

3,4,5 hardest to serve - high unempl, No D.L., illiteracy

- Tyone

→ didn't know they were the sole source of support of the Word Warrior program.

↳ doesn't think they should have to pay for past year only those programs singled out in this audit - ^{others} already approved

* - Last year, DIC earned a bonus, state never paid

DWD - Bill Clingon?

OIC - start up issues, finally resolved, moving in the right direction - if state takes away contracts, new provider will have same problems.

→ blending staff - different interpretations of policies

→ required to contract w/ Works

→ OIC proposal was changed by DWD

↳ DWD says they are adversarial rather than cooperative because they want to work innovatively - pd system, no working in silos

↳ some workers have gone through provider changes 3 or 4 times & need to think about losing a skilled workforce

↳ Major mess in April - ^{became W-2 Director in February} during implementation of new model caused problems - no one to steer - fixed now

444,623 - DWD

12/1/04 - OIC

* Sec. Grassman & Bill Klingin
Milw, DPI & DWD
↳ \$444,623 to DWD

231
293,008
95,000
6,930
86,379
<u>8,000</u>
\$ 489,313
+ 50,000

(1)

- \$84.M in 2004-05 contract

• Sue - is DWD looking at relationships between all the different orgs?
↳ yes

• Cowles - wants to know if W-2 dollars spent on lobbying
↳ that would be

* Mr. Porter no longer on the board

• Darling - there needs to be a standard of accountability of how public dollars are spent - this keeps happening & it shouldn't

LAB

- Lesler - ① recommendation for competitive bids
- ② should state take over a piece of W-2 in Milw for a period of time.

③

↳ only legal expenses went back to 1997, otherwise only 2007-03 period on other expenses

② ↳ the Dept is being aggressive → shrinking size of service area → positive step →

① ↳ always a good idea.

↳ Carol - work on a structure/procedure for OIC

• Anna Taylor

"Flight of the Buffalo" Book on Leadership.

- Sen. Cowles:

- disagrees w/ spending for compensation study

- lobbying -

↳ 10/2004 w/ Schreiber → 12/04 \$15,000/mo.

- Darling: breach of trust, unacceptable

- "no CFO worth his/her salt" would not have notified the Pres/CEO of these issues

- need to re-constitute board - need more than 2 people that have financial experience.

- Rep. Kaufert - Are Board members paid?

↳ \$100/meeting

• Ron Stinson - OIC employee for a yrs.

& Angel?

35 yr. old mother - 15, 12, 8

→ after 10 months of looking for a job found out about

~~the~~ OIC

→ ^{OIC} Job Learning Center - after 2 wks they found her job

• Susan McMurray - AFSCME

- we told you so - dont privatize

Rosales 10:10
 Teskewitz 10:00
 Lowell
 Miller
 Lassa
 Kerkman
 Fitzgerald
 Kautert 10:35
 Travig 10:40
 Colten 10:50

3/2/09

OIC

- Rosales - complaint filed against OIC's auditors?
 * ↳ you can as a committee file a complaint
- Miller - any recommendations on long term contracts to better assure accountability/monitoring
- ▲ Grassman - written testimony
 - May - releasing RFP's for next 2-yr contracts
- Sue - ? What about other payments -
 - ↳ referred to chronology
- 11:00 - Sue left
- Carol - what are you going to do on all Agency contracts to assure better oversight
 - ↳ asking for more detailed financial info, etc.
- Carol - what about - do you look at the way the company is organized before contracting with
 - ↳ always depended on the single audit to go
- Carol - that's at the back-end - what are you doing on the front end
 - ↳ look at past audits - previous audits were clean
- Dean - Weren't the auditors also the accountants
 - ↳ we saw this in 2003 & that's when we asked for an independent audit & ordered that a diff. firm be retained
- Carol - Rotate firms? - 5 yrs too long?
 - ↳ would embrace the strongest recommendation

Cowels - Any of the top people transferred/hired by the other agencies?
↳ No.

Cowels -

- Syrone terminated many - board resisted on some as new members came in - more terminated process of eliminating as new info came to light

Cowels - slow to terminate CFO.

↳ resigned in Nov, effective end of Dec.

Kaufert - severance packages, buy-outs, etc.?

↳ don't think so, can get back to us

Kaufert - Banks are #1 to get money back, state further down the list...

↳ it was us going in on 2/11/04 & getting money at that point - reconseled what was there then

Kaufert - talk in his office about re-bidding

↳ Bid out in May

↳ other groups out there?

Kaufert - who's guarding the chicken coop? Why did it take an audit to learn about this? Why not from the department?

↳ we were finding things & sharing w/LAB we put the agency on a CAP even before the audit - we are in this together

Roscher - will your bidding process be diff this time?

Cowels - OOS - are they ^(DOJ) involved due to criminal activity
↳ ^{working w/} bankruptcy & criminal areas of DOJ

Cowels - will the Fed prosecutor be as concerned w/ state dollars as the AG would?

↳ partnership - many layers of govt involved in the

Miller - suggest that we as legis have a responsibility to put in place mechanisms to protect the public's interest.

Is the monitoring/oversight similar regardless of whose running the program - public/private?

↳ yes

Kerkman - are we facing any consequences from the fed govt

↳ no - been co-operating & sharing info that's helping them w/ actions on their part.

* updates
monthly
→ \$5 legal
11.50

SWiB

- LAB - Jan, Diane

▲ - David Mills - SWiB Exec. Dir. - written testimony

Kerkman - how do you feel about the contracting legs?

↳ remains to be seen

Paul
Sue, Joe, Jan, Me, 3/7/69

OIC / Coleman-Williams

Tom ~~Wassat~~ ^{Wassat} - Coleman-Williams (CW)

- unfair, gave good audits - OIC's fin trouble
stated in audits

Jan - Dickey, diff situation

- Retracted stmts based on media accts

- Diff in sig findings by LAB & Polerna/Willis

↳ diff to prove negligence

↳ we found more than they did

Sue - other contracts w/ state in jeopardy
due to Messman's stmts

Jan - ^{\$} 1.7 M Jan 97 - Dec. 2000 paid to CW
