



Frank Haney
County Board Chairman
County of Winnebago



60 Day Review

In keeping with the spirit of our **ACT Initiative**, and in partnership with the County Board, our 60-Day Review aims to increase the following:

- **Accountability** to taxpayers via a process of continuous improvement and professionalization of County Government.
- **Collaboration** with our internal and external partners to improve results.
Special thanks to the County Board members, County-wide elected officials, administrative leaders, and select employees who participated in one-on-one and small group discussions during this time of transition.
- **Transparency** as a powerful tool in which to build trust across county government and our community.

The 60-Day Review is a starting point in which to build on and not intended to be a complete or final analysis. That said, I believe the items listed in this report are accurately portrayed based on available information. In some cases, the information in this review serves as an FYI to ensure proper context and background. In other cases, the information in this report serves as opportunities for growth as we go forward.

Most important finding = Our strength as an organization is our people.

1. Whether administration or employee, union or non-union, new employee or seasoned county worker, there are a lot of talented, honest, hard-working, committed people who work for the County.
2. The County Board has been welcoming to me as Chairman as well as the Administrative Team. The Board wants their authority respected and has requested increased communication from the County Board Office, which is a basic expectation of any elected or appointed board. They are also open to new ideas and opportunities to move our community forward.
3. The County-wide Elected officials want their autonomy respected but have demonstrated a willingness to work together across departments to find creative ways to solve problems and seize opportunities, which makes many things possible.

Financial & Operations Review

1. **Projected multi-million dollar budget deficit projected for FY '18.**
2. Projected tax revenue (corporate replacement, income tax) is trending down for FY '18.
3. \$1.9 million in reserve spending out of the 1% Public Safety Tax in FY '17. This is not sustainable. Reserve balance going into FY '18 will be in the \$12 million range.
4. General Fund spending is anticipated to be flat with revenues for FY '17. Reserve balance will be in the \$12 million range.
5. Reserve spending in the Health Care Fund. The County spent \$3.5 million out of its reserves from the health care in the last three years. Our health care and wellness program is a valuable employee benefit and gives us a competitive advantage in the market place.
6. \$1.2 million in reserve spending out of the Host Fee fund in FY '17. This is not sustainable. This will leave a Host Fee fund balance of \$2 million.
7. We have labor union contractual obligations for FY '18 that have significant financial implications for the County budget. FOP negotiations are ongoing. ASFME contract expires in the fall.
8. Operations dollars from the refinancing our jail bonds will end in 2022. In that year, we will see a \$2 million + drop in year-over-year operational dollars.
9. The County has no capital plan. This makes priority-based spending as part of the budget process extremely difficult.
10. **There is no Host Fee disclosure policy or meaningful administrative oversight process in place to ensure consistent accountability and transparency.** Although there are notable examples of effective utilization of Host Fees, there are also examples of the opposite. Example: \$80,000 in Host Fees was allocated to an organization in 'FY 17 in which the former Chairman currently serves as a board member. The same organization was proposed by the former Chairman to receive \$500,000 of additional Host Fee dollars at his final Board meeting. Thankfully, the Board tabled that item. Further, it is not at all clear what, if anything, this organization has actually contributed to the

community in the form of return on investment (ROI.) Qualifications and accountability for use of Host Fees is unclear and inconsistent. A Host Fee Disclosure policy has been recommended to the Operations Committee. Other process changes will be forthcoming.

11. **Specific example of potential Host Fee pay-to-play political extortion.** In addition to the need to professionalize County government, we must first re-set at the values level. Basic levels of accountability and transparency must be the cornerstone of how we do business. To the end, there is a specific example of potential pay-to-play political extortion out of Host Fee spending. **This matter has been referred to the States Attorney's Office who then referred it to the US Attorney.**
12. **Internal and external communication on budget needs to improve.** This has been a consistent concern from Board members. The budget process lacks collaboration with department heads and Board which results in confusion, gaps in understanding, and lack of trust. The result: many county leaders feel misunderstood and further, don't have a clear, realistic picture of the budget. With this in mind, the Finance Committee has embraced implementation of a zero-based budgeting process for FY '18.
13. Confusion over the 1% Public Safety Tax. Multiple stakeholders have asked for clarity around how the 1% Public Safety Tax revenue is distributed and how it fits into a comprehensive, priority-based strategy. There would appear to be a dispute over the 1% PST statute vs. the "sales brochure" used to promote passage of the 1% PST. The sales literature clearly states that \$2 million per year should be spent on prevention and rehabilitation programs. There may be discrepancies between the current state, the language on the ballot back in 2001, and actual promises made to voters back in 2001 via County leaders and printed promotional materials.
14. Internal audits are planned for FY '17 after no published internal audit reports were published since September of 2015.
15. External audit findings and recommendations from previous audits were not always explained, rectified, or implemented. The latest external Audit is underway.
16. Fall of 2016 (pre-election) administrative action of moving finance department functions to the Auditor's Office is in the process of being reversed by the new administration because it, inadvertently, lacked legal compliance (violating State statute and County ordinance.) This was communicated to the Finance Committee Chairman and

Operations Committee Chairman. The new CFO and Budget Director is serving as point in this process. The Auditor's Office has been a solid partner in this process and transition.

17. There is an absence of integrated risk management safeguards. Although there are some examples of risk management, there is no unified, County-wide enterprise risk management program necessary to protect taxpayer liability. e.g. no formal system in place for proof of receipt for receivables. Additionally, there is extraordinary risk and liability associated with operating River Bluff Nursing Home. Currently, we are self-insured.
18. **Comprehensive reforms in purchasing are still needed now that the initial crisis is behind us.** The County continued to do business with a vendor associated with the investigation due to the absence of a comprehensive strategy for utilization of outside vendors in a competitive bid process. Thresholds for bidding are inefficient while Requests for Proposals (RFP) have been used inconsistently and/or infrequently. The procurement process is permitted to be initiated without providing a budget source and verification of fund availability.
19. There is no vehicle or gas-card allotment policy for staff and elected officials. Vehicle purchases for elected officials have ranged from \$25k to \$48k. Additionally, there is an example of a County executive trading in his county-provided vehicle in exchange for more salary. That practice increases the pension liability of the County taxpayer.

Policy Review

1. Political campaign activities have been conducted inside the County Administration building utilizing staff time and other County resources in clear violation of the law. Staff have confirmed being directed to participate in campaigning. Campaigning inside a tax-funded entity is illegal. **This has been referred to the States Attorney's Office who then referred it to the US Attorney.**
2. **"The County has always had a nepotism problem,"** said one community leader in a recent discussion. There is a long-term pattern of pressuring department heads to employ or hire friends and family with the threat of retribution (budgetary and otherwise.) Example: One elected official had a minimum of five immediate family members employed at the County. A nepotism policy discussion has been initiated in the Operations Committee and with the County-wide Elected Officials. A revised policy is expected in the coming weeks.

3. Bullying has been reported and appears to be widespread. Example: An employee was coerced into publicly affirming an incorrect statement to the media. Though it is never ok to do wrong, the consequences of objecting were unjustified in some instances.
4. **Sexual harassment complaints were reported but ignored by an elected official,** permitting sexual harassment and perpetuating a hostile work environment.
5. There is no evidence of a County-wide record retention policy or procedure to ensure compliance with State statute.
6. Hiring practices and policies are not universally administered across departments. There is at least one example of a mandatory, pre-employment drug test being delayed at the discretion of an elected official, and another receiving a waiver of pre-employment physical.
7. There are many opportunities for, but few unified systems across the County. For example, there are four different payroll systems County-wide and paper and/or spreadsheet timecards requiring data entry or upload. There is also no human resource information system (HRIS) needed to administrate personnel needs across the County.
8. Board members have been put in the difficult position of having to say no to their peers being asked to appoint Board Members to paid appointed board positions. A recommendation to change Board policy to prevent the Chairman from appointing Board members to paid appointed boards until they are off the County Board for at least two-years.
9. Gaps in the utilization of and distinction between Board policy, administrative policy, and standard operating procedures. Additionally, there is no systematic approach to policy review.
10. No sustainability policy (e.g. resource management, capital, maintenance, recycling, environmental, budgetary commitments, hiring practices, etc.).
11. Board and Administration and County-wide policies are inaccessible to one another (no document management system) and/or the public via the website.
12. Many practices are not memorialized by policy or procedure resulting in lack of accountability as well as inadvertent non-compliance.

13. There is no County-wide strategic plan, making alignment and understanding across departments and with the County Board extremely difficult.
14. No strategic cost recovery and revenue development system in place for County services.
15. No comprehensive Board, internal, and public communications plan or strategy.
16. There is internal and external confusion between what services the County is permitted to provide vs. what services the County is required by statute to provide.
17. There is no established County-wide reporting systems to share cumulative results and formulate next steps.

Conclusion

BOLD MOVES and BIG CHANGES need to be made.

**We are in the process of determining next steps
to address these important issues.**