

CITY OF MADISON
ETHICS BOARD

In re: Gregg McManners

Ethics Board Matter #44164

COMPLAINANT'S PRE-HEARING BRIEF

Complainant Katherine Hurtgen ("Hurtgen"), an employee at Monona Terrace ("MT"), filed an Ethics Complaint (the "Complaint") on May 6, 2016 against Monona Terrace Executive Director Gregg McManners ("McManners"). Recently, the Ethics Board found it had jurisdiction over these claims, and the matter is now scheduled for a hearing on September 22, 2016. Hurtgen submits this prehearing brief to aid the Ethics Board in considering Hurtgen's Complaint against McManners. This brief should be read in conjunction with the original Complaint filed by Hurtgen, as the facts set forth therein are not rehashed here.

I. McManners' Violations Have Been Consistent, Continuing, Clear, and He Should be Held Responsible for His Actions.

In addition to the information set forth in the initial Complaint, McManners' actions with respect to each of the five below-described claims are clearly in violation of the law and the ethics code. While each individual alleged violation may seem at first blush to be accidental or even minor, these violations cannot be viewed in isolation. The conduct described within the Ethics Complaint demonstrates a consistent and continuing pattern of not following ordinances which amounts to unethical behavior by McManners. McManners' system of governance is to

instruct his employees to circumvent established ordinances and laws for some unknown interest. His actions are harming the city, its employees and the interests of its citizens. It is time that the Ethics Board utilize its power to hold McManners responsible for his conduct and prevent him from doing further harm to the city, its employees and the interests of its citizens.

A. Claim 1: Failure to follow Sec. 4.26, MGO, in approval of contract with Hiebing Group.

On November 3, 2015, the Common Council was misled into approving, by “consent resolution,” a contract with the Hiebing Group for advertising services at Monona Terrace (hereinafter referred to as the “Hiebing Contract”). (See, Exs. 3 [Legistar Doc. No. 40254] and 4 [Hiebing Contract] to the Complaint.)

The acquisition of the Hiebing contract was in direct violation of the City Purchasing Ordinance, Section 4.26, Madison General Ordinances, as the ordinance requires that contracts for the purchase of services must be put out to competitive bid, except when certain conditions are met. One exception under M.G.O. 4.26(4)(a)2, is for cases where “the service required is available only from one person or firm.” In this case, a Sole Source Justification Form is to be drafted. The City of Madison Purchasing Guidelines even state that the form “is not to be used because you want a specific vendor and don’t want to bid it out” and that “the number of true sole sources instances is very small” (Purchasing Guidelines attached hereto as Exhibit A). McManners asked Hurtgen to draft a Sole Source Justification, for the Heibing Contract, claiming that the contract met the exception to the bidding process. In the case of Hiebing as an advertising vendor, however, the statement in the ordinance that would allow an exception to the bidding process is highly questionable. Dozens of advertising agencies service the Madison area (Google search of advertising agencies attached hereto as Exhibit B), and certainly many of

these agencies would have appreciated the chance to participate in the bidding process to provide such services to Monona Terrace.

The consent resolution made by the Common Council with respect to the Hiebing Contract was simply done by referring to other bodies: the Monona Terrace Board and the Board of Estimates. It appears that the Common Council believed that the sole source had been properly investigated and verified by the Monona Terrace, and so the Common Council simply rubber-stamped the approval. There is no indication that the Common Council received testimony or other evidence as to how or why the Hiebing Contract purportedly met the sole source exception.

McManners also argues that the service could have fallen under other exceptions. Particularly, he argues that 4.26(4)(a)7, MGO, allows a sole source for a consultant who worked for the City such that it is more efficient to continue to use the consultant who provided work in the past. This argument, however, fails to hold water. One glimpse at Hiebing's invoices (see Hiebing Invoices attached hereto as Exhibit C) is more than enough to show that it would be impossible, based off of the information McManners had, to determine whether continuing to use Hiebing would be more efficient. The invoices fail to show a precise hourly rate or even a description of the work that was completed, rather they state only, "Agency Time." Further, Monona Terrace had used Hiebing in the past, but such use was also likely under the sole source justification. If that is the case, and the contract had never been put out to bid, in violation of the bidding process required by the ordinances all along, relying on a contract that was illegally put in place because it is "efficient" is covering up unethical conduct with more unethical conduct. Simply put, McManners has failed to exercise any due diligence in ascertaining whether he is acting in the best interests of the City—obviously preferring a much more "loosey-goosey"

approach to his administrative duties. Furthermore, McManners' allegation that Hurtgen was deeply involved in Hiebing from the get-go is unfounded. In support of this claim, McManners cherry-picks emails to try and paint Hurtgen as more involved than she was. The evidence will show that Hurtgen was not involved in the decision to use the Sole Source Justification to contract Hiebing.

B. Claim 2: Violation of Affirmative Action ordinance in Studio Gear contract.

This claim alleges that McManners violated the City's Affirmative Action ordinance and instructed Hurtgen to do the same by participating in procedures to circumvent the requirements in the statute. In the instant case, Studio Gear was about to cross the \$25,000 threshold, which would require it to file an Affirmative Action plan with the City. As such, McManners informed his employees, including Hurtgen, that they should continue to purchase services with a City P-card to continue using the vendor so as not to trip the filing requirement. Hurtgen informed McManners that the new computer system, MUNIS, could not be fooled by using the P-Card like the old system could. The result was that Studio Gear was not used for the rest of 2015.

Some have argued that transactions like this happen regularly in the city. If that is true, then perhaps a restructuring is in order, because actions like these are an enormous subversion of legislative intent, not to mention a slap in the face toward the prevention of discrimination. That alone should qualify this action as an ethics violation. However, if that weren't enough, Studio Gear's own contract with the City, as all contracts do, states that it will file an Affirmative Action plan if its services run over \$25,000 (see Contract Terms attached hereto as Exhibit D). Accordingly, such a brash action should not simply be ignored by the Ethics Board.

C. Claim 3: Friends of Monona Terrace.

This claim relates to McManners' directions to Hurtgen requiring her to handle the financial matters of the Friends of Monona Terrace.

Placing the Friends' checkbook in the hands of a City employee that also receives the bank statements for that Friends Group is frowned upon by the City as well as basic internal accounting practices. In the past, it has led to the embezzlement of over \$100,000 dollars (see Case History attached hereto as Exhibit E), and the Office of the Comptroller has published statements regarding the delegation of financial duties to City employees (See Comptroller Report attached hereto as Exhibit F), admonishing the delegation of duties to City employees and the dangers of failure to use proper internal accounting practices. And while the Common Council earlier this year approved an ordinance that would allow City employees working for a Foundation pursuant to a formal agreement, such an agreement was never in place in this scenario, nor was one proposed or sought out.

The lack of internal control regarding the finances of the Monona Terrace Friends Group causes Hurtgen stress and concern that another Roloff type scenario might occur, and she has consistently expressed this concern and urged McManners to act in accordance with the 2007 Office of the Comptroller recommendations to follow proper internal accounting controls. Hurtgen is not bringing this up to try and get out of any work duties, rather she is legitimately and rightfully concerned about the city facing another embezzlement scandal. Further, Hurtgen completes the work for the Friends Group on City time without receiving compensation for her work in violation of 3.35(5)(c).

D. Claim 4: Intentional disregard of Affirmative Action requirements in Tai Peng Carpet contract.

McManners authorized a large (over \$500,000) contract with Tai Peng carpet, knowing full well that Tai Peng had not and would not file an Affirmative Action plan as required by the Ordinances. Nonetheless, despite Tai Peng's failure to file an Affirmative Action plan, McManners continued to authorize payments on the contract.

Despite McManners' arguments to the contrary, it is clear that the Ethics Board is the appropriate forum. Section 39.02(6)(e), MGO, provides that the Affirmative Action department only handle complaints brought by applicants and employees who believe they have been the subject of discrimination. And while Affirmative Action does have enforcement power over entities that fail to comply with the Affirmative Action ordinances, such power does not extend to individuals that authorize, approve, or condone such failure. *See* 39.02(9)(g), MGO. As such, the Ethics Board is the only appropriate body for dealing with such matters.

E. Claim 5: Failure of employees to properly use timecards

This claim alleges that there were illegal practices revolving around the completion of time cards by maintenance employees at Monona Terrace—activities that possibly amount to time card fraud. These practices historically had been overseen by an employee of Monona Terrace, Jeff Griffith. When he was terminated, in October 2014, Hurtgen was tasked with the job of approving timecards for employees. It was then that Hurtgen began to discover that the employees had failed to properly record their time. In February 2015, Hurtgen realized that none of the maintenance employees had even signed the time card policy acknowledging the MT procedures surrounding time cards. To this day, the employee folders do not contain the signed time card policy because McManners has failed to prioritize the signing of the policy. Without a

signed timecard policy, the ability of MT to take action against employees who fail to abide by the policy are limited in that it is not possible to discipline an employee for a violation of the time card policy when there is not even a record of the employee's acknowledgement of the policy.

II. McManners is Responsible for Specific Actions of his Employees


As the top executive for a City agency, the Monona Terrace, McManners is Responsible for the action of his employees. (See Organization Chart, McManners Brief Ex. 1). This includes actions he directs, authorizes, condones, or does not stop. The Ethics Code specifically contemplates that unethical actions may not always be those of the actor himself, when it states that City officials and employees shall not "exceed their authority or breach the law or ask others to do so." M.G.O. § 3.35(4).

McManners, in his pre-hearing brief, attempts to place blame on Hurtgen for actions she was forced to take under his direction. First, the evidence will clearly demonstrate that any actions Hurtgen took relating to the complained-of violations were taken because she was specifically instructed to do so, and did so in fear for her job; McManners has not been afraid to use bullying and intimidation to get those beneath him to act in a certain way, knowing that will in because they want to keep their jobs. Hurtgen is no exception; she is just the first one who has decided to speak up against his improper actions. Hurtgen knew that she not dare refuse to follow her supervisor's instructions, or she might be fired. Rather, she did her best to follow instructions while asserting what she believed to be proper, legal, and ethical, and, after things did not change, Hurgten felt that she had no choice but to bring McManners' conduct to the attention of the City, and the Ethics Board, so that it may be stopped. Allowing a top executive

to pass the buck to his employees would defeat the purpose of the above-quoted language and frustrate the purpose of the Ethics Code.

Respectfully submitted this 20 day of September, 2016.

KRAMER, ELKINS & WATT, LLC
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Katherine M. Hurtgen

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Purchasing Guidelines

Purchase of Goods/Commodities (Generally Major Object Code Series 53xxx)

Less Than \$5,000 - PO or P-Card

A single purchase of goods for less than \$5,000 can be made with a Purchasing Card or with a Purchase Order (PO). These purchases require approval of Department Head and proper budget authority. Written quotes are recommended, using best value judgment to make a final decision.

\$5,000-\$25,000 - PO and Quotes

A single purchase of goods from \$5,000 - \$25,000 will be done with a purchase order. A minimum of three written quotes obtained by the department or purchasing staff is necessary before deciding on a vendor. All vendors must be made aware of the \$25,000 AA, Equal Benefits and Ban the Box requirements before submitting a quote. Approval of the Department Head and proper budget authority are required for these purchases. If the purchase of goods is a yearly and ongoing purchase, a formal bid should be done every 3-5 years.

Greater Than \$25,000 - PO and Formal Bid

A single purchase of goods of \$25,000 or more will be done with a purchase order and a formal bid. Approval of the Department Head and proper budget authority are required for these purchases. Detailed product specifications and quantities will be given to purchasing staff for a formal bid. Purchasing staff will post the bid to <http://vendornet.state.wi.us> and www.demandstar.com that will distribute the bid request to numerous vendors. The agency will provide purchasing staff with vendor names and addresses if there are specific vendors that should receive the bid information. Please allow a minimum of 4 weeks for the completed bid process. If the purchase of goods is a yearly and ongoing purchase, a formal bid should be done every 3-5 years.

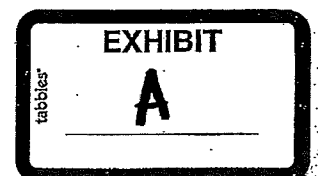
Purchase of Services (Generally Major Object Code Series 54xxx)

12 calendar/budget months or less and less than \$5,000 – PO or P-Card

A purchase of services with duration of 12 calendar/budget months or less and a value of less than \$5,000 can be done by PO or P-Card. Written quotes are recommended, using best value judgment to make a final decision. Approval of the Department Head and proper budget authority are required for these purchases. A contract for purchase of services is required if the service is for more than \$5,000.

12 calendar/budget months or less and \$5,000-\$25,000 - Quotes, PO and Contract for Purchase of Services

A purchase of services with duration of 12 calendar/budget months or less and a value from \$5,000 - \$25,000 will be done by purchase order and a Contract for Purchase of Services ("POS"), except software support and maintenance as noted below. A minimum of three (3) written quotes must be obtained before selecting a vendor. Approval of the Department Head and proper budget authority are required for these purchases. Contract for Purchase of Service forms are available on Employee.net under "Forms." Contracts for Purchase of Services in this category are signed by the Vendor and the designee of the Finance Director. If the purchase is a yearly or ongoing purchase, a formal bid should be done every 3-5 years.



Greater than \$25,000 - RFP, PO and Purchase of Services Contract.

A purchase of services meeting these criteria will be done by purchase order and a POS contract. Approval of the Department Head and proper budget authority are required for these purchases. Detailed product specifications and quantities will be given to purchasing staff for a formal RFP. Purchasing staff will post the RFP to <http://vendornet.state.wi.us> and www.demandstar.com and they will distribute the Proposal to numerous vendors. The agency will provide purchasing staff with vendor names and addresses if there are specific vendors that should receive the RFP information. Please allow a minimum of 8 weeks for the completed RFP process. Contract for Purchase of Service forms are available on Employee.net under "Forms." Contracts for Purchase of Services in this category are signed by the Vendor and the designee of the Finance Director if the duration is less than three (3) years and the average spend is \$50,000 per year or less, otherwise the POS contract will be routed (see below). If the purchase is a yearly or ongoing purchase, a formal RFP for the services should be conducted every 3-5 years.

Greater than 3 calendar/budget years or 1-3 years and averaging more than \$50,000 per year

Will be done by purchase order and POS contract, and awarded by the City of Madison Common Council. The competitive process will be the same as for a contract of one year or less. The POS contract will be signed by the vendor with whom we are contracting, the Mayor and City Clerk and routed for approval and co-signing to DCR, Risk Manager, Finance Director and the City Attorney through the Contract Routing Database.. If the purchase is a yearly or ongoing purchase, a formal bid should be done every 3-5 years.

Note: If a service contract includes optional renewals, the optional renewal terms are included when counting the total length of the contract. Automatic renewals are also counted and always result in a contract of more than 3 years.

Software and Hardware Maintenance Contracts

Purchases of software and hardware maintenance are considered a purchase of services. The procurement process for these purchases will follow the same guidelines as other purchase of services, with the following exception. Software and hardware maintenance contracts less than \$25,000 can be purchased with a PO only, and will not require a contract for purchase of services. The department purchasing this maintenance should make the vendor aware of the terms and conditions that will be required should the \$25,000 threshold be met in future years.

Piggybacking

It is acceptable to piggyback off of State Contracts or contracts of other approved consortiums to satisfy the competitive process required for the purchase of goods or services. If using the piggyback option, you still need to do a Contract for Purchase of Services in order to include the City's terms and conditions. All other requirements remain the same; this only satisfies the competitive process requirement.

Sole Source

In some instances, there may be a product or service you wish to purchase that is only available from one source. In these cases a Sole Source Justification must be filled out and sent to Purchasing for review and approval. This is not to be used because you want a specific vendor and don't want to bid it out, but because it is only available from one source. The number of true sole source instances is very small. If the sole source request is for services and is over \$25,000, Common Council approval is required.





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Hiebing

1 review · Advertising Agency
315 Wisconsin Ave
(608) 256-6357



WEBSITE DIRECTIONS

Pop-Dot

No reviews · Marketing Agency
#620, 122 W Washington Ave
(608) 571-0771
Closing soon: 6:00 PM



WEBSITE DIRECTIONS

KW2 (Knupp & Watson & Wallman)

No reviews · Advertising Agency
2010 Eastwood Dr
(608) 232-2300



WEBSITE DIRECTIONS

Closed now

Planet Propaganda

2 reviews · Advertising Agency
605 Williamson St
(608) 256-0000



WEBSITE DIRECTIONS

Broadbent & Williams

No reviews · Advertising Agency
3873 Nakoma Rd
(608) 695-1531



WEBSITE DIRECTIONS

Lindsay Stone & Briggs Inc

2 reviews · Advertising Agency
1 S Pinckney St #500
(608) 251-7070



WEBSITE DIRECTIONS

Open until 10:00 PM

Shine United

No reviews · Advertising Agency
202 N Henry St
(608) 442-7373



WEBSITE DIRECTIONS

Closed now

Kennedy Communications

No reviews · Advertising Agency
9 Odana Ct #200
(608) 288-9000



WEBSITE DIRECTIONS

Closed now

RS + K

No reviews · Advertising Agency
701 Deming Way
(608) 827-0701



WEBSITE DIRECTIONS

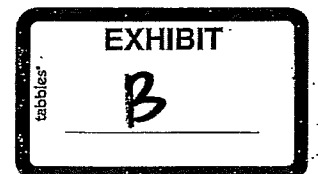
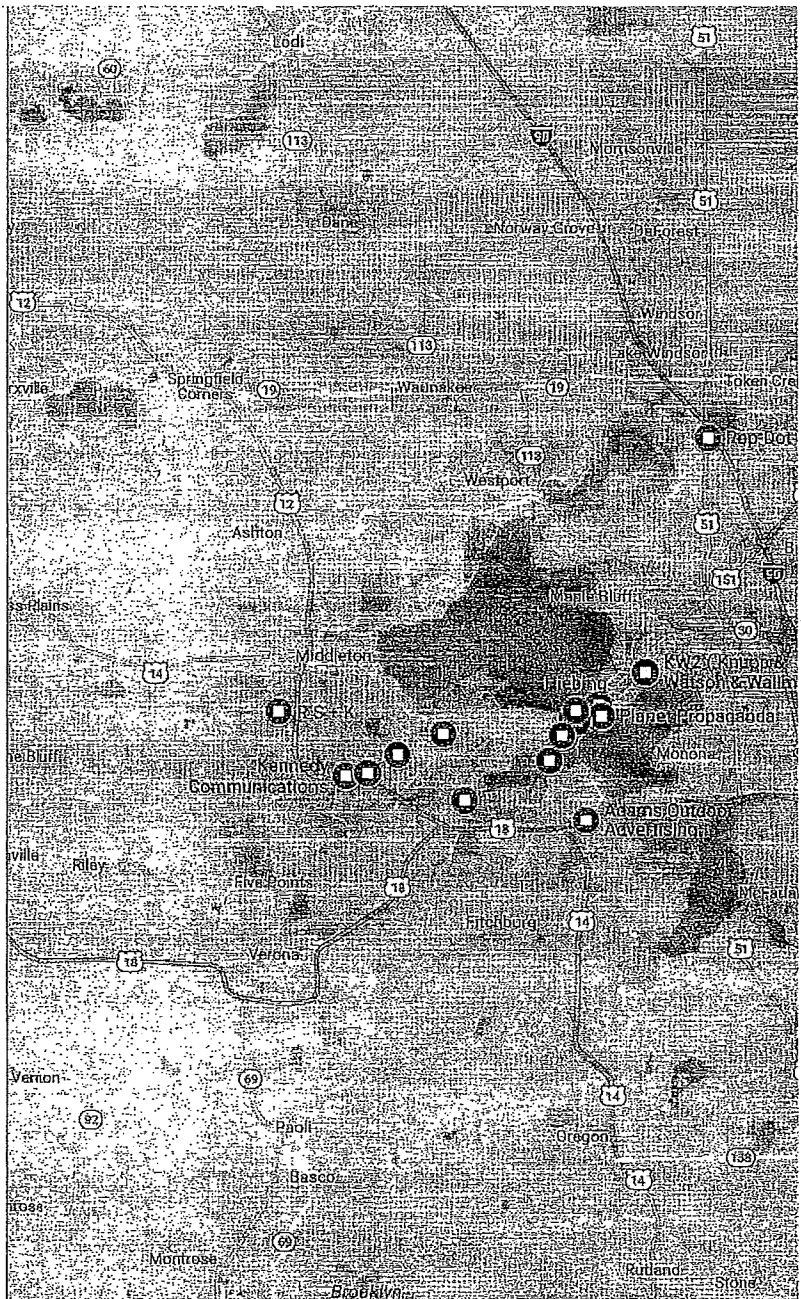
Closed now

The Creative Company, Inc.


2 reviews · Public Relations Firm
636 W Washington Ave #2a
(608) 442-6336



WEBSITE DIRECTIONS



INVOICE

Hiebing  315 WISCONSIN AVENUE | MADISON WI 53703 | PH 608 256 6357 | FX 608 256 0693 | HIEBING.COM

Monona Terrace
One John Nolen Drive
Madison, WI 53703

INVOICE

Invoice #: 048923-0000H
Date: 2/29/2016
Page: 1

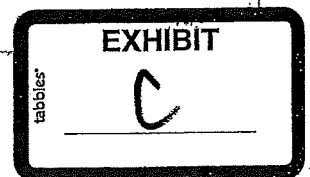
Job: 016219 2016 Paid Social Audit
 Agency Time

	<u>Prior Billed</u>	<u>Current Billing</u>
	0.00	1,097.50
Sales Tax:	0.00	0.00
Total for Job/Component:	0.00	1,097.50

Invoice Total: \$1,097.50

54810
W.J.
3-11-16

TERMS: Invoices are due and payable upon receipt. Invoices not paid within 30 days of receipt are considered past due and subject to a late payment charge of 1.5% per month on any unpaid balance. Please pay from this invoice-no statement is issued.



605120

INVOICE

Hiebing 315 WISCONSIN AVENUE | MADISON WI 53703 | PH 608 256 6357 | FX 608 256 0693 | HIEBING.COM

Monona Terrace
One John Nolen Drive
Madison, WI 53703

INVOICE

Invoice #: 049987-0000H
Date: 4/30/2016
Page: 1

Job: 016263 2016 SEM Help Desk
 Agency Time

	<u>Prior Billed</u>	<u>Current Billing</u>
	327.50	390.00
Sales Tax:	0.00	0.00
Total for Job/Component:	327.50	390.00

Invoice Total:


\$390.00

54810
W.J.
5-11-16

TERMS: Invoices are due and payable upon receipt. Invoices not paid within 30 days of receipt are considered past due and subject to a late payment charge of 1.5% per month on any unpaid balance. Please pay from this invoice-no statement is issued.

605120

INVOICE

Hiebing  315 WISCONSIN AVENUE | MADISON WI 53703 | PH 608 256 8357 | FX 608 256 0693 | HIEBING.COM

Monona Terrace
One John Nolen Drive
Madison, WI 53703

INVOICE

Invoice #: 049982-0000H
Date: 4/30/2016
Page: 1

Job: 016069	<u>2016 Brand & Business Stewardship</u>	<u>Prior Billed</u>	<u>Current Billing</u>
	Agency Time	2,242.50	705.00
	Outside Suppliers	1.50	0.00
	Sales Tax:	0.00	0.00
	Total for Job/Component:	2,244.00	705.00

Invoice Total: \$705.00

54810
W.A.
5-11-16

TERMS: Invoices are due and payable upon receipt. Invoices not paid within 30 days of receipt are considered past due and subject to a late payment charge of 1.5% per month on any unpaid balance. Please pay from this Invoice-no statement is issued.

Po# 16000153-00

INVOICE

Hiebing. (E) 315 WISCONSIN AVENUE | MADISON WI 53703 | PH 608 256 6357 | FX 608 256 0693 | HIEBING.COM

Monona Terrace
One John Nolen Drive
Madison, WI 53703

INVOICE

Invoice #: 048389-0000H
Date: 1/31/2016
Page: 1

Job: 016069	2016 Brand & Business Stewardship	Prior Billed	Current Billing
	Agency Time	0.00	805.00
	Sales Tax:	0.00	0.00
	Total for Job/Component:	0.00	805.00

Invoice Total: \$805.00

54810
W.F.
2-10-16

TERMS: Invoices are due and payable upon receipt. Invoices not paid within 30 days of receipt are considered past due and subject to a late payment charge of 1.5% per month on any unpaid balance. Please pay from this invoice-no statement is issued.

CONDITIONS OF PURCHASE

ENTIRE AGREEMENT

Furnishing of items and/or fulfillment of services under this purchase order by the vendor named on the front of this form ("vendor," "Contractor" or "you") constitutes your agreement to (i) the City of Madison Standard Terms and Conditions ("STC") (available at www.cityofmadison.com/finance/documents/STC.pdf or by calling 608-266-4521), (ii) the Request for Bids, Quotations or Proposals (if any), and (iii) these Conditions of Purchase, all of which are incorporated by reference herein (hereafter, "PO"). This PO (including the documents incorporated by reference) is the entire agreement and no other terms or conditions, oral or written, shall be effective or binding unless expressly agreed in writing by the City of Madison. If this PO is issued in conjunction with another written instrument covering this purchase that is signed by an authorized representative of the City and the vendor in a form approved by the City Attorney ("Contract"), and there is a conflict in language between this PO and the Contract, the language of the Contract shall control. If a vendor document, such as a quote, order form or invoice, includes a statement that disclaims the applicability of a purchase order, terms and conditions on a purchase order, or other customer terms and conditions, such statement shall be deemed rejected and superseded by this PO unless the City has expressly agreed otherwise in writing.

F.O.B. DESTINATION

Unless otherwise agreed in writing, the vendor shall bear all handling, transportation and insurance charges. Title of goods shall pass upon acceptance of goods at the City's dock.

INVOICING INFORMATION

- Send duplicate invoices directly to Accounts Payable:
City of Madison Accounting Division,
210 ML King Jr. Blvd, Rm. 406,
Madison, WI 53703-3345.
- Reference the Purchase Order or Limited Purchase Order number on all invoices.
- Show discounts for early payment as a percent reduction of invoice. Invoice discounts shall be determined where applicable, from the date of acceptance of goods and/or receipt of invoice, whichever is later. Discounts for early payment terms stated on the bid/proposal must be shown plainly on the invoice; discounts for early payment not shown on the invoice will be taken.
- The City will pay properly submitted Contractor invoices within 30 days of receipt, for completed and accepted deliveries of specified services and/or goods, unless the City notifies the Contractor in writing of a dispute, before payment is due.
- Invoices submitted not in accordance with these instructions will be removed from the payment process and returned.

APPLICABLE LAW, VENUE

This purchase shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Wisconsin. The parties agree the venue for disputes arising hereunder will be in a court of competent jurisdiction within the State of Wisconsin.

INDEMNIFICATION

The Contractor shall be liable to and hereby agrees to indemnify, defend and hold harmless the City of Madison, and its officers, officials, agents, and employees against all loss or expense (including liability costs and attorney's fees) by reason of any claim or suit, or of liability imposed by law upon the City or its officers, officials, agents or employees for damages because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons or on account of damages to property, including loss of use thereof, arising from, in connection with, caused by or resulting from the Contractor's and/or Subcontractor's acts or omissions in the performance of this Agreement, whether caused by or contributed to by the negligence of the City, its officers, officials, agents or its employees.

INSURANCE

Contractor will insure, and require each subcontractor to insure against the following risks to the extent stated below. Contractor shall not commence work under this PO, nor shall Contractor allow any Subcontractor to commence work, until said Insurance has been obtained and certificate(s) of insurance approved by the City Risk Manager:

- Commercial General Liability.** Covering as insured the Contractor and naming the City, its officers, officials, agents and employees as additional insureds, with minimum limits of \$1,000,000 per

occurrence. This policy shall also provide contractual liability in the same amount and apply on a primary and non-contributory basis.

- Worker's Compensation.** Securing compensation for the benefit of the employees of the Contractor and the employees of each subcontractor, as required by Wisconsin Worker's Compensation Law.
- Automobile Liability.** Covering as insured the Contractor with minimum limits of \$1,000,000 combined single limit per accident, covering owned, non-owned and hired automobiles.

Contractor and/or Insurer shall give City thirty (30) days advance written notice of cancellation, non-renewal or material changes to any of the above-required policies during the term of this PO. Certificate Holder should be listed as: City of Madison, ATTN: Risk Management, Room 406, 210 Martin Luther King, Jr. Blvd., Madison, WI 53703

PREVAILING WAGE RATE When skilled labor is required for any project, the Contractor warrants that prevailing wages will be paid to all trades and occupations, if applicable under Wisconsin Statutes sec. 66.0903. Wage scale is on file with the City Engineer. See also www.cityofmadison.com/finance/purchasing.

LIVING WAGE (Applicable to contracts exceeding \$5,000) Contractor agrees to pay all employees employed by Contractor in the performance of this contract, whether on a full-time or part-time basis, a base wage of not less than the City minimum hourly wage as required by Madison General Ordinances, Section 4.20.

NONDISCRIMINATION In the performance of work under this PO, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, marital status, age, color, sex, handicap, national origin or ancestry, income level or source of income, arrest record or conviction record, less than honorable discharge, physical appearance, sexual orientation, gender identity, political beliefs, or student status. Contractor further agrees not to discriminate against any subcontractor or person who offers to subcontract on this PO because of race, religion, color, age, disability, sex, sexual orientation, gender identity or national origin.

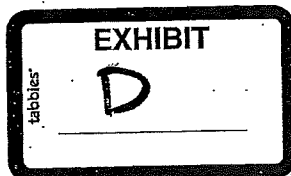
AFFIRMATIVE ACTION

The successful Contractor, who employs 15 or more employees and whose aggregate annual business with the City for the calendar year in which the PO takes effect is \$25,000 or more, will be required to file, within thirty (30) days from the PO effective date, an affirmative action plan that is designed to insure that the Contractor provides equal employment opportunity to all and takes affirmative action in its utilization of applicants and employees who are women, minority or persons with disabilities. [Madison General Ordinances, Sec. 39.02(9)(e)]. The Model Affirmative Action Plan for Vendors, Request for Exemption form, and instructions are available at: <http://www.cityofmadison.com/dcr/aaForms.cfm> or by contacting the City of Madison Affirmative Action Division, Attn: Contract Compliance Monitor at (608) 266-4910. Further, Contractor shall allow maximum feasible opportunity to small business enterprises to compete for any subcontracts entered into pursuant to this PO. If Contractor employs 15 or more employees, Contractor must notify the City of all external job openings at locations in Dane County, WI and Contractor agrees to interview candidates referred by the City. Further information is available at: <http://www.cityofmadison.com/dcr/aaJobSkillsBank.cfm#Directions>

SWEATFREE PROCUREMENT OF ITEMS OF APPAREL

If this PO is for the procurement of \$5,000 or more in garments or items of clothing, any part of which is a textile, or any shoes/ footwear, then Madison General Ordinances Sec. 4.25 "Procurement of Items of Apparel", is hereby incorporated by reference and made part of this PO. See MGO 4.25(2) for applicability. Contractor shall follow labor practices consistent with international standards for human rights, meaning that, at a minimum Contractor shall adhere to the minimum employment standards in Sec. 4.25 and require all subcontractors and third-party suppliers to do the same. For purposes of sec.4.25, "Subcontractor" means a person, partnership, corporation or other entity that enters into a contract with Contractor for performance of some or all of the City-contracted work and includes all third-party suppliers or products from whom the Contractor or its contractors obtains or sources goods, parts or supplies for use on this PO, and is intended to include suppliers at all levels of the supply chain. The standards in sec. 4.25 shall apply to all aspects of Contractor's and subcontractor's operations, including but not limited to, manufacture, assembly, finishing, laundering or dry cleaning, (where applicable), warehouse distribution, and delivery. Contractor acknowledges that by accepting this PO, contractor is subject to all of the requirements and sanctions of Madison General Ordinances sec. 4.25. Additional information is available in the STC at www.cityofmadison.com/finance/documents/STC.pdf

Conditions of Purchase PO 02-11-15



Wisconsin Circuit Court Access (WCCA)

State of Wisconsin vs. Angela D Roloff

Dane County Case Number 2006CF002564

Filing Date	Case Type	Case Status
11-09-2006	Criminal	Closed
Defendant Date of Birth	Address	
07-24-1975	1716 Chadbourne, Madison, WI 53726	
Branch Id	DA Case Number	
8	2006DA016075	

Charge(s)

Count No.	Statute	Description	Severity	Disposition
1	943.20(1)(b)	Theft-Business Setting >\$2500	Felony C	Guilty Due to No Contest Plea
2	943.20(1)(b)	Theft-Business Setting >\$2500	Felony C	Charge Dismissed but Read In
3	943.20(1)(b)	Theft-Business Setting >\$10,000	Felony G	Guilty Due to No Contest Plea
4	943.20(1)(b)	Theft-Business Setting >\$5000-\$10,000	Felony H	Charge Dismissed but Read In
5	943.20(1)(b)	Theft-Business Setting >\$2500-\$5000	Felony I	Charge Dismissed but Read In
6	943.38(2)	Forgery-Uttering	Felony H	Charge Dismissed but Read In
7	946.12(4)	Misconduct/Office-Fraud/Record/Statement	Felony I	Guilty Due to No Contest Plea
8	943.20(1)(b)	Theft-Business Setting >\$5000-\$10,000	Felony H	Charge Dismissed but Read In
9	943.38(2)	Forgery-Uttering	Felony H	Charge Dismissed but Read In
10	943.38(2)	Forgery-Uttering	Felony H	Charge Dismissed but Read In
11	946.12(4)	Misconduct/Office-Fraud/Record/Statement	Felony I	Charge Dismissed but Read In
12	943.41(5)(a)1b	Fin.Trans.Card-Fraud. Use (>\$10,000)	Felony G	Charge Dismissed but Read In
13	71.83(2)(b)1	Fraud/Rendering Income Tax Return	Felony U	Guilty Due to No Contest Plea
			Felony	Charge Dismissed but Read



14	71.83(2)(b)1	Fraud/Rendering Income Tax Return	H	In
15	71.83(2)(b)1	Fraud/Rendering Income Tax Return	Felony H	Charge Dismissed but Read In
16	71.83(2)(b)1	Fraud/Rendering Income Tax Return	Felony H	Charge Dismissed but Read In
17	71.83(2)(b)1	Fraud/Rendering Income Tax Return	Felony H	Charge Dismissed but Read In

Defendant Owes the Court: \$ 0.00

Responsible Official	Prosecuting Agency	Prosecuting Attorney	Defense Attorney
Fiedler, Patrick J.	District Attorney	Sayles, Ann	Wettersten, Nancy C.; Edwards, Timothy David

Defendant

Defendant Name	Date of Birth	Sex	Race ¹
Roloff, Angela D	07-24-1975	Female	Caucasian
Address	Address Updated On		
1716 Chadboure, Madison, WI 53726	11-09-2007		
JUSTIS ID	Finger Print ID		
Also Known As			
Name	Type	Date of Birth	
Smith, Angela D	Also known as		
Defendant Attorney(s)			
Attorney Name	Entered		
Wettersten, Nancy C.	11-09-2006		
Edwards, Timothy David	01-17-2007		

Charge(s)/Sentence(s)

Charge Detail

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
1	943.20(1)(b)	Theft-Business Setting >\$2500	Felony C	12-22-2001	No Contest on 02-14-2007

On 02-14-2007 there was a finding of:

Action	Court Official
Guilty Due to No Contest Plea	Fiedler, Patrick J.

On 06-20-2007 the following was ordered:

Sentence	Time	Begin Date	Notes
Probation, Sent Withheld	5 Years		Each ct concur.
	Condition	Time	Notes
	Jail time	3 Months	With Huber.
	Community service	250 Hours	50 hours each year of probation.
	Restitution		DA has 45 days to prepare/submit order. Atty Wettersten to let court know w/in 30 days whether there is an objection to the proposed restitution order.
	Costs		\$345 to be collected by the Dept of Corrections. All outstanding financial obligations shall be paid at the rate of 25% of the prison wages and work release funds. The balance remaining at release from prison be paid as a condition of extended supervision or parole at a rate determined by the supervising agent.
	Employment / School		Maintain full time employment or be seeking same.
	Other		Continue therapy as long as therapist & agent deem appropriate. Pay supervision fees as determined by the Department of Corrections. Defendant advised of requirement to provide DNA sample. Any other conditions DOC, Probation/Parole Department may impose.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
2	943.20(1)(b)	Theft-Business Setting >\$2500	Felony C	01-04-2002	

On 02-14-2007 there was a finding of:

Action	Court Official
Charge Dismissed but Read In	Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
3	943.20(1)(b)	Theft-Business Setting >\$10,000	Felony G	12-29-2003	No Contest on 02-14-2007

On 02-14-2007 there was a finding of:

Action	Court Official
Guilty Due to No Contest Plea	Fiedler, Patrick J.

On 06-20-2007 the following was ordered:

Sentence	Time	Begin Date	Notes
Probation, Sent Withheld	5 Years		Same as ct 1.

Condition Time Notes

Costs	\$97 to be collected by the Dept of Corrections.
Other	All conds on cts 3, 7 & 13 are the same as ct 1, except no jail.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
4	943.20(1)(b)	Theft-Business Setting >\$5000-\$10,000	Felony H	01-23-2004	

On 02-14-2007 there was a finding of:

Action	Court Official
Charge Dismissed but Read In	Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
5	943.20(1)(b)	Theft-Business Setting >\$2500-\$5000	Felony I	11-18-2005	

On 02-14-2007 there was a finding of:

Action	Court Official
Charge Dismissed but Read In	Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
6	943.38(2)	Forgery-Uttering	Felony H	11-18-2005	

On 02-14-2007 there was a finding of:

Action	Court Official
Charge Dismissed but Read In	Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
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7 946.12(4) Misconduct/Office-Fraud/Record/Statement Felony I 11-18-2005 No Contest on 02-14-2007

On 02-14-2007 there was a finding of:

Action Court Official
Guilty Due to No Contest Plea Fiedler, Patrick J.

On 06-20-2007 the following was ordered:

Sentence	Time	Begin Date	Notes
Probation, Sent Withheld	5 Years		Same as ct 1.

Condition Time Notes

Costs \$113 to be collected by the Dept of Corrections.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
8	943.20(1)(b)	Theft-Business Setting >\$5000-\$10,000	Felony H	01-04-2006	

On 02-14-2007 there was a finding of:

Action Court Official
Charge Dismissed but Read In Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
9	943.38(2)	Forgery-Uttering	Felony H	04-24-2006	

On 02-14-2007 there was a finding of:

Action Court Official
Charge Dismissed but Read In Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
10	943.38(2)	Forgery-Uttering	Felony H	05-30-2006	

On 02-14-2007 there was a finding of:

Action Court Official
Charge Dismissed but Read In Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count	Offense
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No.	Statute Cite	Description	Severity	Date	Plea
11	946.12(4)	Misconduct/Office-Fraud/Record/Statement	Felony I	04-24-2006	

On 02-14-2007 there was a finding of:

Action	Court Official
Charge Dismissed but Read In	Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
12	943.41(5)(a)1b	Fin.Trans.Card-Fraud. Use (>\$10,000)	Felony G	09-22-2003	

On 02-14-2007 there was a finding of:

Action	Court Official
Charge Dismissed but Read In	Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
13	71.83(2)(b)1	Fraud/Rendering Income Tax Return	Felony U	02-18-2002	No Contest on 02-14-2007

On 02-14-2007 there was a finding of:

Action	Court Official
Guilty Due to No Contest Plea	Fiedler, Patrick J.

On 06-20-2007 the following was ordered:

Sentence	Time	Begin Date	Notes
Probation, Sent Withheld	5 Years		Same as ct 1.

Condition Time Notes

Costs	\$95 to be collected by the Dept of Corrections.
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The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
14	71.83(2)(b)1	Fraud/Rendering Income Tax Return	Felony H	02-25-2003	

On 02-14-2007 there was a finding of:

Action	Court Official
Charge Dismissed but Read In	Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count	Offense
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Case Details for 2006CF002564 in Dane County

No.	Statute Cite	Description	Severity	Date	Plea
15	71.83(2)(b)1	Fraud/Rendering Income Tax Return	Felony H	02-14-2004	

On 02-14-2007 there was a finding of:

Action	Court Official
Charge Dismissed but Read In	Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
16	71.83(2)(b)1	Fraud/Rendering Income Tax Return	Felony H	04-12-2005	

On 02-14-2007 there was a finding of:

Action	Court Official
Charge Dismissed but Read In	Fiedler, Patrick J.

The Defendant was charged with the following offense:

Count No.	Statute Cite	Description	Severity	Offense Date	Plea
17	71.83(2)(b)1	Fraud/Rendering Income Tax Return	Felony H	03-15-2006	

On 02-14-2007 there was a finding of:

Action	Court Official
Charge Dismissed but Read In	Fiedler, Patrick J.

Total Receivables

Court Assessments	Adjustments ³	Paid to the Court	Probation/Other Agency Amount ⁴	Balance Due to Court	Due Date ⁵
\$ 650.00	\$ 0.00	\$ 105.00	\$ 545.00	\$ 0.00	

1 The designation listed in the Race field is subjective. It is provided to the court by the agency that filed the case.

2 Non-Court activities do not require personal court appearances. For questions regarding which court type activities require court appearances, please contact the Clerk of Circuit Court in the county where the case originated.

3 Includes collection agency fees; bankruptcy discharge of debt; Department of Revenue collection fees; and forgiven debts due to indigence, death, time served, or community service.

4 Some amounts assessed by the courts are collected by the Department of Corrections or other agencies. This column is rarely updated by the courts and may be less than the actual amount owed.

5 For cases with multiple assessments, the due date represents the assessment with the latest date.

6 Your payment may not be processed immediately.



Office of the Comptroller

Dean Brasser, City Comptroller

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Madison, Wisconsin 53703-3345
PH 608 266 4671
FAX 608 267 8705
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comptroller@cityofmadison.com

June 19, 2007

TO: Mayor Dave Cieslewicz

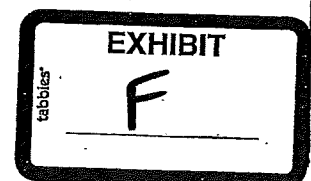
FROM: Debra Simon, Budget and Audit Manager
Eric Knepp, Administrative Analyst

SUBJECT: Monona Terrace Community and Convention Center Review

At your request, we conducted a review of purchasing card and gift shop inventory procedures at the Monona Terrace Community and Convention Center. We also reviewed the relationship between Monona Terrace staff and the Friends of Monona Terrace Community and Convention Center, Inc., a non-profit entity. Your request arose in response to losses incurred as a result of fraud by Angela Roloff, the former Monona Terrace community relations manager.

The purpose of our review was to evaluate the controls over the purchasing card and gift shop inventory systems, as well as the relationship between Monona Terrace and the Friends of Monona Terrace. Our report includes recommendations to improve the systems and minimize the opportunity for employees to misuse City funds. Monona Terrace staff have already implemented many of the recommended procedures. We appreciate the cooperation and courtesy extended to us by Monona Terrace staff during our review.

c: Jim Hess
Michael May
Roger Allen
Roger Goodwin
Dean Brasser
Janet Piraino
George Twigg
Mario Mendoza



Monona Terrace Community and Convention Center Review

We have performed a review of purchasing card and gift shop inventory procedures at the Monona Terrace Community and Convention Center. We also reviewed the relationship between Monona Terrace staff and the Friends of Monona Terrace Community and Convention Center, Inc., a non-profit entity. We conducted this review in response to losses incurred as a result of fraud by Angela Roloff, the former Monona Terrace community relations manager. The purpose of our review was to evaluate the controls over these processes and make recommendations to improve the systems and minimize the opportunity for employees to misuse City funds.

Purchasing Cards

We reviewed all purchasing card (p-card) transactions for Angela Roloff for the 4-year period (July 2002 through September 2006) during which she had a p-card. During that period, she had 300 transactions totaling \$67,827.91. Of this total, we found 98 transactions (32.7%) totaling \$28,609.33 (42.2%) that appeared to be inappropriate or questionable purchases. These included purchases with no receipt or a falsified receipt, merchandise inappropriate for the gift shop, merchandise purchased at retail price, and a large quantity of CD's purchased from her husband's business at retail price. In some cases, we were unable to determine whether the transactions were for legitimate City purposes (e.g., gift cards purportedly purchased as sponsor thank you gifts). We worked with the Monona Terrace business manager to finalize a list of fraudulent transactions totaling \$25,568.55. This list was submitted to the Dane County District Attorney's Office with a request for restitution. The City has received \$5,565.31 from Angela Roloff and \$2,963.50 in credits for returned items.

We also reviewed purchasing card transactions for all Monona Terrace purchasing cardholders for 6 months: September 2002, February 2003, April 2004, October 2005, July 2006 and November 2006. During these months, Monona Terrace cardholders (excluding Angela Roloff) conducted 690 transactions totaling \$187,927.26. Of the total transactions, we noted 93 (13.4%) that violated City of Madison or internal Monona Terrace policies. Most of these exceptions related to inadequate invoices or receipts. Other issues we identified included sales tax paid, non-cardholder use of the card, and purchase of meals and food. Monona Terrace business office staff also identified most of these exceptions as part of their regular review. We found no evidence of fraudulent transactions.

We expanded our review to include November 2006 transactions for all City purchasing cardholders. There were 310 purchasing cards, but 65 did not have any transactions during that period. There were 2,396 transactions totaling \$644,717. We found 135 exceptions (5.6%) to City policies. Once again, the majority of the exceptions related to inadequate invoices or receipts, and the remainder were the same as those noted above for Monona Terrace testing. Again, we found no evidence of fraudulent transactions.

Based on our review, we have developed recommendations for all agency purchasing cardholders and reviewers, as well as for Comptroller's Office staff who review purchasing card transactions.

- Purchasing card reviewers and approvers should thoroughly review all transactions, including the supporting documentation for each charge. A thorough review at Monona Terrace would have disclosed items that were inappropriate.

- The agency finance person or other designated staff person should take an active role in ensuring that the p-card program operates properly in each agency. This includes ensuring that the p-card rules are followed, conducting refresher training as needed, following up on any items questioned by the Comptroller's Office, and occasionally testing transactions on all p-cards, even if they have already been approved by another manager.
- Management should take seriously any purchases from related party vendors and contact the City Attorney's Office for guidance, if necessary.
- Comptroller's Office staff should prepare a detailed written set of procedures and instructions documenting their oversight role and items to review. This would help to provide consistency and completeness of the Comptroller's Office review.
- Comptroller's Office staff should maintain detailed records of all questioned items and ensure that an appropriate response is received. Requests for additional information should be sent to the cardholder with a copy to the approver. In the past, the request was sent only to the cardholder. Purchasing card privileges should be revoked for those employees who repeatedly violate the p-card rules.
- All agency and Comptroller's Office staff should initial and date notations or modifications on the p-card statement and related documentation to maintain an audit trail.

Gift Shop Inventory

We reviewed the gift shop inventory process, including participating in the year-end physical inventory count and reconciliation. Monona Terrace uses Booklog, an inventory software package. Until December 2006, only the gift shop manager had access to this software. The business manager received access in December 2006, which will strengthen control over the system. The gift shop inventory process is separate from the City's accounting system, and no reconciliation is performed to ensure that all merchandise purchased appears on the gift shop inventory reports.

Recently, the Monona Terrace sales/marketing events director assumed senior management oversight of the gift shop. Prior to that, the community relations manager was a senior management position and oversaw gift shop operations. That position has been changed to a lower level classification of community relations supervisor who reports directly to the sales/marketing events director with no oversight of the gift shop. We expect that the business manager and sales/marketing events director will work together to implement the following recommendations, which we believe will improve controls over the gift shop inventory system.

- Monona Terrace staff should document the entire inventory process beginning with the receipt of merchandise. This written documentation should include the procedures used to ensure that all merchandise is consistently and accurately entered into the inventory system. Receiving errors were responsible for many of the problems encountered during the year-end inventory process.
- Staff should develop a method to reconcile the Booklog system with the City's accounting system. Such a reconciliation would have identified discrepancies which resulted from the

numerous items that were fraudulently purchased and coded as gift shop merchandise but were never placed in the gift shop.

- The business manager should be actively involved in ensuring that gift shop inventory procedures are adequate. This should include periodic random testing of purchases to ensure they appear on the Booklog system.
- Monona Terrace should place increased priority on timely completion of the year-end physical inventory process. This includes completion of all reconciliation steps and adjustment of the accounting records for items that are unavailable for sale (e.g., due to obsolescence, breakage or theft).
- Employees from the Monona Terrace business office and Comptroller's Office assisted with the physical year-end inventory for the first time in 2006. This practice of involving non-gift shop staff should be continued in the future.
- Staff should use the full capability of Booklog and/or electronic spreadsheets in the year-end inventory process. Many of the report entries are computed manually, which takes additional time and is conducive to errors. The software could be used to generate master lists and disparity reports more efficiently and accurately.
- In order to streamline and make the year-end inventory count easier, staff should update the inventory list to remove outdated items. We estimate that the inventory list (120 pages) could be reduced from about 3,600 items to 1,600 items. In addition, the items on the list should be sorted by category to facilitate item location during the inventory count.

Friends of Monona Terrace Groups

The Friends of Monona Terrace, Inc., the original Friends group, registered with the Wisconsin Department of Financial Institutions on November 20, 1992. The group's statement of purpose was to raise money for the Monona Terrace Convention Center, which it did through the sale of inscribed tiles on the rooftop garden and Olin Terrace. This group also donated furniture for the rooftop. The group filed Articles of Dissolution on September 15, 1998, after a period of inactivity.

The Friends of Monona Terrace Community and Convention Center, Inc., the current Friends group, was created in 1999. The Bylaws state its purpose as "improving the quality of life at Monona Terrace Community and Convention Center through the establishment of an endowment fund and funding to be used for capital projects, operations and community programming." The Board adopted a mission to "support the goals and mission of Monona Terrace Community and Convention Center through the creation of fund raising opportunities and special programming." In June 2001, the Board adopted its vision statement as "advocates for community participation and providers of resources to make Monona Terrace a community-based public facility accessible to all."

The original Friends group donated \$114,000 as an endowment to Monona Terrace, and these funds were deposited in the Madison Community Foundation in late 1998. The new Friends group was given oversight of these funds. Five percent of the funds can be withdrawn each year, and this draw (averaging \$6,170) has taken place every year beginning in 2000. The Friends also sold memberships and received

corporate sponsorships for planned events from late 1999 through early 2002. They held a Tailgate at the Terrace fundraising event in 2000 and 2001, a tulip sale in 2000, and have partially funded the biennial Terrace Town program since 2000. From May 2001 through the middle of 2002, the Board discussed the vision of the group and potential future projects. Board members indicated that a lack of vision and clear future projects were reasons for the group to go dormant. At the June 2002 meeting, the Board opted to restructure to four members (the executive committee at the time) and go into a de facto "dormant" status. No further meetings were held until July and November 2006, and no Minutes were produced for those informal meetings.

In October 2000, Angela Roloff began signing checks and assumed independent responsibility for the checking account with essentially no oversight. Roloff signed checks totaling more than \$100,000 during the period October 2000 through April 2006. The financial records were derived from the monthly bank statement information entered into an accounting software program by a staff member in the Monona Terrace business office. Roloff did not always provide documentation to support the checks written, so some accounting entries were based on Roloff's explanations of the payee and purpose. Financial statements were produced periodically, but there is no evidence that they were reviewed or analyzed by other Monona Terrace staff or Friends board members. The account had a negative balance for January and February 2006, and overdraft fees were assessed.


The lack of internal controls and oversight led to an extended period of fraudulent activity beginning in February 2001 during which Roloff misappropriated \$87,487 from the Friends account by writing checks to herself. In some cases, legitimate invoices were provided as support, but the actual check was made payable to Roloff. The legitimate invoices (totaling \$25,586) were submitted to the City, and the City paid those vendors from Monona Terrace funds. Roloff has reimbursed the Friends \$45,133, and the Friends have subsequently reimbursed the City in full for the expenses that should have been paid by the Friends.

The Friends Board (currently three members) held a meeting on December 5, 2006 to address the group's current status and the fraud committed by Roloff. At this meeting, the Board decided to require two signers on all checks: the Monona Terrace business manager and the Board president. After the business manager position became vacant in late February 2007, a Board member began serving as the second signer. At a meeting on March 1, 2007, the Monona Terrace Director advised the Board that he did not want Monona Terrace staff involved in signing checks for the Friends account. The Board subsequently formalized the policy that two board members would be required to sign all checks. The Board met again on May 3, 2007 to discuss how to spend the annual distribution from the endowment fund.

It is important that the Friends of Monona Terrace Board assume responsibility for control and oversight of its funds and not delegate that responsibility to the City or its employees. In addition, the Friends Board should submit reports to the Monona Terrace Board to ensure that funds are being spent in conformance with its stated purpose of improving the quality of life at the Monona Terrace Community and Convention Center. We have listed below specific recommendations that should be implemented in order to maintain good internal control over the funds held by the Friends.

- The Friends of Monona Terrace should take control of its funds, including possession of the checkbook. The City and its employees should not undertake responsibility for the disbursement, receipt or accounting for the Friends funds. The checkbook holder should maintain a current check register that is updated at the issuance of each new check and deposit. All disbursements

from the Friends account should include supporting documentation (e.g., invoices), and the check signers should review the documentation.

- The Friends of Monona Terrace Board must exercise oversight of the Friends finances. Appropriate review of the financial statements and bank activity would have disclosed the inappropriate expenditure of funds. This oversight should not be delegated to the City or its employees. The Friends group should also develop an annual budget; we found one for 2001 only. Monona Terrace staff can remain informed of the Friends activities through the Monona Terrace Director, who serves as an ex officio member of the Friends Board. 
- The Monona Terrace Board and the Friends of Monona Terrace should execute a written agreement that clearly states their relationship. It should include a description of the events to be conducted (e.g., Terrace Town) and how the related expenses are to be divided. With a clear agreement, Monona Terrace business office staff could have prohibited Roloff from charging the City for expenses that should have been paid by the Friends.
- The Friends group should comply with its Bylaws. The Bylaws require the Board to maintain written Minutes of quarterly meetings and forward them to the Monona Terrace Board. The Friends Treasurer is required to provide the Friends Board with a monthly statement of financial condition, and the Friends Board must approve any unbudgeted expenditures of \$500 or more.

