



# **City of Madison Employee Assistance Program**

## **INTERNAL AUDIT REPORT**

**Audited Entity: City of Madison – Employee Assistance Program (PP-2025-03)**

**Fieldwork Completion Date: January 7, 2026**

**Date of Report: March 6, 2026**

## Table of Contents

Executive Summary .....	2
Background.....	2
Objectives .....	3
Scope .....	3
Key Findings.....	4
Key Recommendations.....	4
Introduction.....	5
Background.....	5
Scope .....	12
Audit Objectives and Methodology .....	12
Findings Risk Rating .....	15
Findings Risk Matrix.....	16
Findings and Recommendations.....	17
Reference 1: Vendor Performance Management and Service-Level Controls.....	17
Reference 2: Segregation of Duties in P-Card Expense Approval Process .....	19
Observations and Discussion Items .....	21
Conclusion .....	21
Acknowledgement.....	23
Appendix.....	24

## Executive Summary

### Background

This audit was initiated based on the results of the City of Madison's risk assessment conducted in the last quarter of 2024. The engagement was included in the 2025 approved audit plan. The audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), which provide a framework for conducting independent, systematic, and objective evaluations of the program's operations.

The Employee Assistance Program (EAP) is a structured set of professional services designed to support employee well-being while improving and sustaining workplace productivity and healthy organizational functioning. The program applies specialized knowledge and expertise in human behavior and mental health to address both individual and organizational needs that may affect employee performance and overall operational effectiveness.

The EAP is designed to assist:

1. **Work organizations** in addressing productivity, attendance, and workplace performance challenges; and
2. **Employee clients** in identifying and resolving personal or work-related concerns that may adversely affect job performance, conduct, or well-being.

Examples of issues commonly addressed through EAP services include, but are not limited to:

- Family and couple conflicts
- Separation or divorce
- Parenting concerns
- Alcohol, drug, gambling, or other addictive behaviors
- Personal or work-related stress
- Medical and emotional health concerns
- Child or elder care challenges
- Legal matters or financial pressures
- Job performance concerns
- Workplace or domestic violence
- Grief and loss
- The impact of disability or chronic illness

By offering these services, the EAP supports the City's broader objectives of maintaining a healthy workforce, reducing operational disruptions, and fostering a supportive and resilient work environment. From a governance and risk management perspective, the EAP also serves as a preventative control by addressing issues early, thereby reducing the potential for productivity losses, employee turnover, and workplace safety incidents.

### City of Madison EAP Services

The City of Madison's EAP provides a range of services intended to support employees, supervisors, and the organization as a whole. These services include, but are not limited to:

- Assistance and support during difficult life circumstances
- Critical Incident Stress Management (CISM) services
- Consultation services for supervisors and union stewards
- Ongoing education, training, and outreach
- Oversight of the Madison Police Department Peer Support Officer Team and EAP Facilitators
- Support and coordination of Police and Fire Peer Support Teams

## Program Evolution and Governance Structure

Historically, the City's EAP services focused primarily on addressing alcohol- and substance-related issues within the organization. Over time, the scope of services has expanded to address a broader range of employee and organizational needs. This evolution includes the development of a comprehensive CISM program and formal oversight of Police and Fire Peer Support initiatives.

The EAP was originally housed within the Human Resources Department and remained there until 2015. Currently, the EAP operates as an independent office within the City's organizational structure. The EAP Director reports to the Mayor's Office, which provides budgetary and policy oversight.

## Objectives

This engagement was conducted to provide assurance to management and the Common Council that records related to the EAP are reliable; program activities are effective and operating as intended; services are delivered in accordance with approvals granted by the Common Council; and operations comply with applicable laws, regulations, and internal policies.

Specifically, the audit aimed to evaluate the effectiveness of EAP operations and the adequacy of related internal controls across the following key areas:

- Processes to ensure the existence, documentation, and consistent application of policies and procedures governing program administration, eligibility determination, and confidentiality requirements.
- Processes to ensure compliance with applicable confidentiality and privacy laws and regulations, including but not limited to HIPAA and relevant state privacy statutes.
- Processes to ensure eligibility rules are applied consistently and equitably to all eligible employees across departments and locations.
- Processes to ensure that cost-benefit analyses are performed to justify the value of EAP programs and services in relation to alternative service delivery options.
- Processes to ensure employees are adequately informed about available EAP services and that utilization levels are monitored and assessed for effectiveness.
- Processes to ensure the consistent quality of EAP services across departments, locations, and service modalities.
- Processes to ensure sufficient capacity and an appropriate scope of services exist to meet employee demand and evolving workforce needs.
- Processes for collecting, reviewing, and integrating employee feedback related to program quality, accessibility, and effectiveness.
- Processes to evaluate program effectiveness through the availability of accurate and reliable data, the use of performance metrics, measurable impacts on employee well-being and organizational performance, and the program's ability to adapt to changing workforce and organizational needs.

*Note: See Objectives and Methodology beginning on [page 12](#) for more details.*

## Scope

The scope of the audit encompasses the operational and administrative activities under the responsibility of EAP for the period of January 1 through December 31, 2024.

## Key Findings

Reference	Finding	Risk Rating
F1	Inadequate Vendor Performance Management and Service-Level Controls	High
F2	Inadequate Segregation of Duties in P-Card Expense Approval Process	High

## Key Recommendations

- Management should establish formal performance metrics and Service Level Agreements (SLAs), document and monitor vendor performance, standardize vendor management requirements, and perform periodic review and reporting of vendors.
- Management should enforce segregation of duties with P-Cards, implement secondary review controls, limit the number of P-Card holders, and perform periodic P-Card monitoring and training.

*Note: See all findings and recommendations beginning on [page 17](#) for more details.*

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## Introduction

Pursuant to the City of Madison Code of Ordinance Chapter 4.02 (3) and recommendations included in the risk assessment completed by Baker Tilly LLC, the Internal Audit Unit has conducted an internal review of the City of **Madison EAP Division**. The audit was conducted in accordance with the GAGAS. These standards require Internal Audit to plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives.

The control and procedural deficiencies considered to be significant are also disclosed herein. This report does not disclose any perceived weaknesses or findings from external agencies.

## Background

The City of Madison’s EAP operates under a hybrid service delivery model that combines internal staff resources with contracted external services. This model is designed to provide continuous, accessible, and culturally responsive support to employees facing work-related and personal challenges.

Through this hybrid approach, the EAP delivers 24-hour personalized counseling, management consultation, resource referral, education, and trauma response services. These services are voluntary and provided at no cost to City employees, their eligible family members and significant others, as well as retirees.

Some common concerns and events that employees bring to EAP:

- Mental Health
- Family
- Financial
- Emotional
- Legal
- Stress
- Drug and Alcohol
- Grief/Loss
- Job Performance
- Health
- Marital

Top 5 Employee Concerns	
From Employee Contacts	
2023	2024
Mental Health	Anxiety
Marital/Relationship	Work Stress
Critical Incidents	Marital/Relationship
Grief/Loss	Grief/Loss
Work Stress	Alcohol Use

The City contracts with AllOne Health, a private Employee Assistance Program provider, to supplement internal EAP services. AllOne Health provides 24-hour, seven-days-per-week coverage when internal EAP staff are unavailable or when employees elect to engage with an external provider. In addition to core EAP counseling services, AllOne Health offers specialized services that extend beyond traditional mental health support, including legal referral services and other resource-based assistance.

This external partnership enhances service continuity, expands access, and provides employees with flexibility and choice in how they receive support.

All EAP specialists, whether internal staff or external providers, are required to hold the Certified Employee Assistance Professional (CEAP) credential. The CEAP designation signifies advanced professional competency and extensive knowledge of EAP operations, ethical standards, and best practices.

Certification is administered by the Employee Assistance Certification Commission (EACC), an organization affiliated with the Employee Assistance Professionals Association (EAPA). To qualify for the CEAP examination, candidates must meet specific criteria, including demonstrated professional experience, formal education, training, and supervised practice in the field. Upon successful completion of the examination, the CEAP credential is valid for a three-year period and must be renewed through continuing education and professional development requirements.

## Benefits

Due to the inherently subjective and confidential nature of EAP services, quantifying outcomes and benefits can be challenging. However, empirical research and industry benchmarks suggest that EAPs generate significant value for employers.

According to the U.S. Department of Labor, organizations generally realize a return on investment ranging from \$5 to \$16 for every dollar invested in an EAP<sup>1</sup>. These savings are typically achieved through a combination of direct and indirect benefits, including, but not limited to:

- Lower Utilization of Sick Leave
- Employee Relations
- Reduced Grievances
- Reduced Turn-Over Rates
- Reduced Number of Accidents
- Improved Productivity
- Improved Morale
- Reduced Medical Insurance Costs

While these benefits may not always be directly measurable at the individual employee level, they collectively contribute to improved organizational effectiveness, workforce stability, and risk mitigation. As such, EAPs are widely recognized as a cost-effective component of an organization's broader employee wellness, risk management, and productivity strategies.

## Program Model

The City of Madison's EAP operates under a hybrid service delivery model that combines internal staffing with contracted external EAP services. Internal EAP staffing consists of one full-time EAP Director, two EAP Specialists, and one Program Assistant (Confidential). According to industry's best practices and professional guidance within the EAP field, this dual model is widely regarded as an optimal approach for delivering comprehensive, accessible, and responsive EAP services.

By leveraging both internal and external resources, the City's EAP is able to maintain continuity of care, expand service availability, and provide employees with flexibility and choice in accessing support services.

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<sup>1</sup> U.S. Department of Labor, What Works: Workplaces without Drugs. (1990), p.17

**Client Scope and Role Management**

As a dual-model EAP, the program serves multiple client groups, including individual employees and their eligible family members, supervisors and managers, and the City as an organization. These client roles may, at times, overlap or present competing interests. In such circumstances, EAP staff consult internally and, when appropriate, collaborate with the external EAP provider to ensure decisions and actions are guided by professional standards, ethical considerations, and the best interests of all parties involved.

**Peer Support, Critical Incident Response, and Management Support**

The City’s EAP provides oversight for two first responder peer support teams, as well as an EAP facilitator network. Participation in EAP services, including peer support, is generally voluntary and provided at no cost to eligible participants. Limited exceptions exist in circumstances involving suicidality or CISM, where EAP staff may proactively initiate contact to ensure employee safety and well-being.

In addition, the EAP plays a key role in supporting City supervisors and managers by equipping them with the knowledge and skills necessary to identify employees who may be experiencing performance challenges or personal issues affecting their work. This includes guidance on constructive intervention, appropriate referral to EAP services, and the use of available organizational resources. Early identification and timely referral are emphasized as critical components of effective intervention and risk mitigation.

**External EAP Role**

The City’s external EAP provider is AllOne Health, a private EAP services firm. AllOne Health supplements the City’s internal EAP operations by providing 24-hour, seven-days-per-week coverage during periods when internal staff are unavailable or when employees choose to access services through an external provider.

In addition to delivering core EAP counseling and support services, AllOne Health offers selected specialized services beyond the traditional mental health scope, including legal referral services and other resource-based assistance. This external partnership enhances service continuity, expands access, and provides employees with additional options for addressing personal and work-related concerns.

Employee, Supervisor and Union Contacts		
Year	Internal EAP	External EAP
2023	431	304
2024	474	304

**Types of Referrals to the EAP**

There are numerous ways that an employee or family member may find their way to use EAP services.

**Self-referral** – Employees may contact the EAP on their own.

**Supervisor referral** – A supervisor who becomes concerned about an employee’s work performance and/or their personal wellbeing may refer an employee to the EAP stating that they can use EAP services during their regular work hours. As outlined in policy, an EAP referral is offered at each stage of the disciplinary process. Receiving EAP services is not a substitute for discipline.

**Union/Employee Association referral** – Often a Union representative or Business Agent is involved in the early stages when an employee is having trouble on the job or is in the disciplinary process. Maintaining and fostering collaborative relationships with the various union representatives is imperative in proactively assisting employees.

**Facilitator or Peer Support referral** – EAP Facilitators and Peer Support Team members are often a first point of contact for employees seeking EAP information. They receive specialized training on how to support and refer an employee or family member for EAP services.

**Co-worker referral** – A co-worker may recommend EAP to a fellow employee.

**Family referral** – The encouragement to seek services may come from a family member or significant other. Employees, family members, and significant others may contact the City’s internal EAP staff, or the external EAP provider. All employee contact with the EAP is voluntary.

## Types of Consultation

**Individual Employee Consultation** – Contact between an EAP counselor and an eligible user that includes a comprehensive assessment according to EAPA Standards, a plan of action, including, but not limited to guidance, information, short-term counseling and/or referral(s) and a follow-up plan.

**Family Member Consultation** – Similar to an employee consultation. Immediate family members of the employee are eligible to schedule an appointment with an EAP counselor or seek a referral.

**Supervisor and Management Consultation** – City of Madison supervisors, managers, and lead workers may seek guidance in handling an employee situation or workgroup issues.

**Workplace Services** – EAP may facilitate meetings involving multiple clients, including mediation, safety planning, group sessions, or other services within our scope of practice that support the organization’s overall well-being.

**Union Steward/Business Association Consultation** – The City of Madison EAP offers guidance to Union/Association representatives who are assisting employees or negotiating with management on employee issues.

EAP consultations may take place in person, virtually over Zoom or Teams, via telephone, or by email.

## Critical Incidents

A critical incident is an event or situation experienced by an individual that may result in unusually strong emotional or psychological reactions, with the potential to impair the individual’s ability to function during the incident, immediately afterward, or at a later time. An incident does not need to involve a large-scale disaster to be classified as a critical incident.

Critical incidents may include, but are not limited to, the following circumstances:

1. Serious injury or death of a member of the public occurring while an employee is performing regular duties or functions. Additional consideration may be warranted when the incident involves a child; a family member, friend, or neighbor; or situations where a personal association may exist.
2. Serious injury or death of an employee, whether occurring on or off duty.
3. Suicide or homicide involving an employee.
4. Events requiring prolonged or extraordinary involvement in rescue or emergency response efforts.
5. Any incident presenting a serious physical or psychological threat to an employee while on duty.
6. Incidents attracting unusual or sustained media attention.
7. A series of related incidents that may have cumulative emotional or psychological effects.
8. Any abnormal or exceptionally distressing event where circumstances exceed normal coping mechanisms and may result in immediate or delayed emotional reactions.

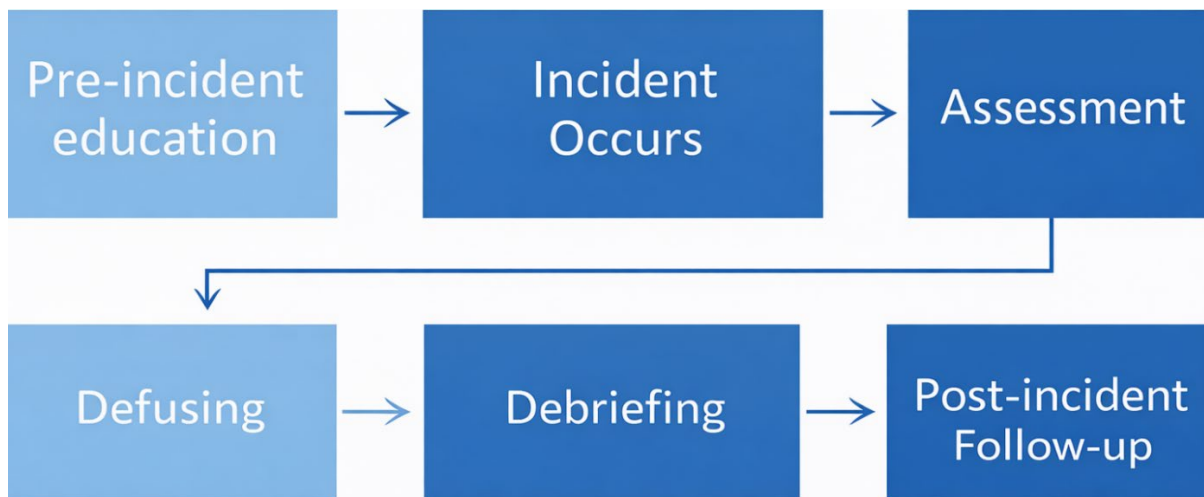
During calendar year 2024, the City’s internal EAP responded to 74 critical incidents, while the external EAP provider responded to 3 critical incidents. This activity reflects the significant role of the internal EAP in providing timely critical incident response and support, particularly in high-impact or time-sensitive situations.

**Model**

EAP staff utilize a combined International Critical Incident Stress Foundation (ICISF) and resiliency-based Critical Incident Stress Debriefing (CISD) model when delivering CISM services. This integrated approach follows the established stages of the ICISF debriefing framework, with a strong emphasis on self-care, resiliency, and recovery.

CISM services are delivered exclusively by trained EAP professionals to ensure confidentiality, clinical integrity, and the psychological safety of participants throughout the process. This professional-led model supports consistency, ethical practice, and adherence to recognized industry standards.

The City’s critical incident response process generally includes the following components:



**Pre-Incident Education and Training**

Providing the organization with education and policy development so that when an incident occurs personnel are familiar with their role and available resources. This is the key to effectively delivered programming and services. Another component of pre-incident training is for EAP staff to engage with staff in the field in order to learn more about the culture of each department. This is particularly true for our First Responder agencies and staff are strongly encouraged to schedule to ride along with Police and Fire personnel periodically so that City EAP may respond appropriately when a critical incident inevitably occurs.

**Assessment**

EAP may collect information from an appropriate agency contact, which could be a Peer Support Member/Officer, an EAP Facilitator, or a lead worker, supervisor, or manager.

**Initial Check-in**

Initial check-ins with members/officers involved in a difficult call are usually conducted by a Peer Support Member/Officer. These check-ins help to determine whether a debriefing will be conducted or may take the place of a debriefing. If a PSM/PSO is not available to make the calls, EAP counselors may conduct the check-ins.

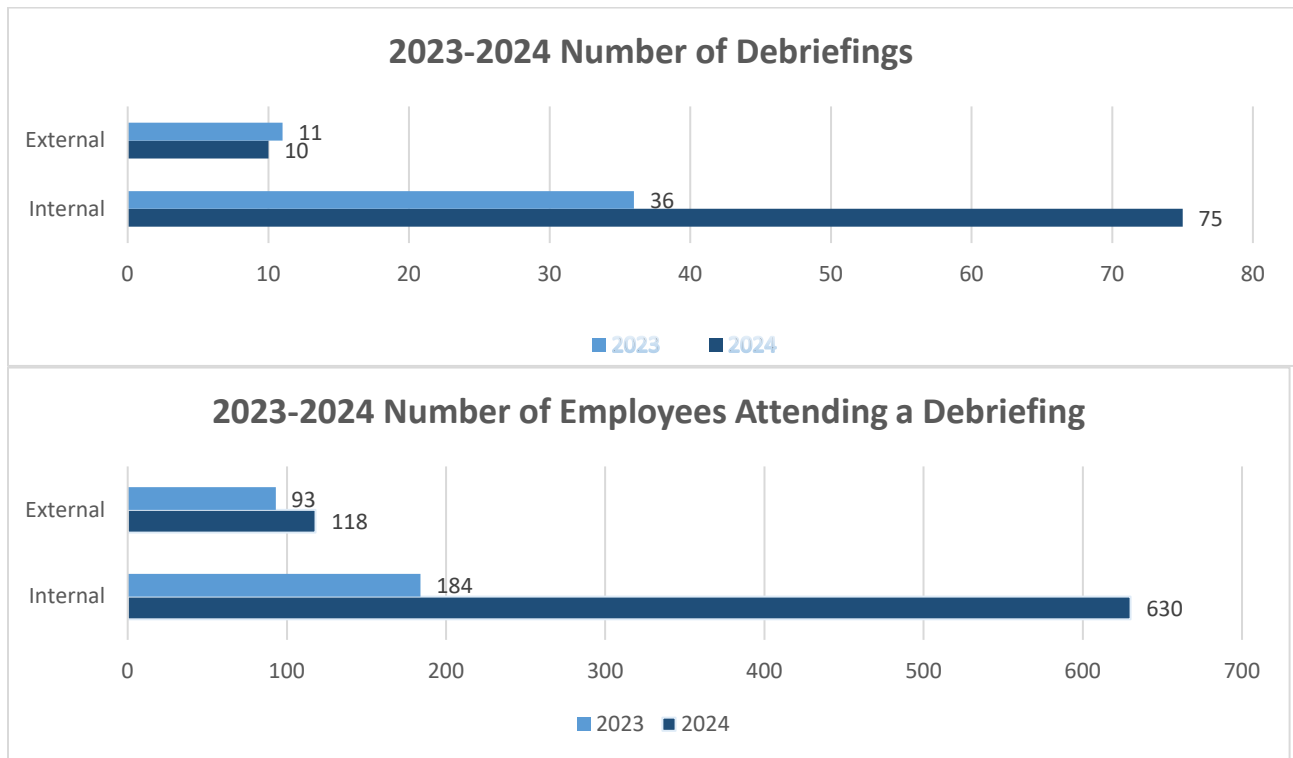
**Defusing**

An initial small group or individual response to a critical incident that is often conducted within 12 hours of a crisis event by a mental health professional (CISM provider). Defusing is designed to provide an initial forum for ventilation and information exchange. It provides an opportunity for assessment and is sometimes followed by a Critical Incident Stress Debriefing.

**Debriefing**

A debriefing is a structured, group crisis intervention facilitated by a mental health professional (CISM Provider) to facilitate psychological closure and reconstruction following a critical incident. A general framework for a debriefing is as follows:

1. When able, peer support is welcomed and encouraged to provide a message to debriefing attendees (as well as OT codes) when the debriefing is for a first responder agency
2. Ground Rules
3. Introduction
4. Reconstruction of the incident
5. Thoughts and reactions following the incident
6. Moving forward, resources, and suggestions for self-care



*The increase noted in debriefings from 2023 to 2024 was due largely to an event (Abundant Life Christian School Shooting) in late 2024 which EAP was a major first responder.*

## EAP Facilitators Network

The role of the EAP Facilitator is to serve as a departmental support resource for employees and their eligible family members seeking information about available EAP services. EAP Facilitators do not provide therapy, counseling, or clinical services. Rather, they function as referral points, directing individuals to appropriate professional EAP resources.

In addition to supporting access to services, EAP Facilitators assist EAP staff in promoting awareness of the program and distributing EAP-related information and materials within their respective departments.

### Key Duties and Responsibilities

EAP Facilitators are responsible for the following activities:

- Serving as the primary point of contact within their department for EAP staff
- Maintaining confidential interactions with co-workers who are seeking EAP assistance, either voluntarily or following a supervisory referral
- Providing support, encouragement, and guidance to co-workers experiencing personal or work-related challenges
- Providing employees, their family members, or significant others with information on how to contact and access EAP services
- Participating in initial and annual EAP training sessions conducted by EAP staff to ensure ongoing awareness of program resources, confidentiality expectations, and referral protocols

This facilitator model supports early intervention, promotes program visibility, and helps ensure employees are connected to appropriate resources in a timely and confidential manner.

## Training

EAP staff provide City-wide training through the City’s Organizational Development Division and offer a variety of presentation topics customized for work groups that may be delivered on site or virtually.

Examples of presentations delivered in the past:

- Resiliency & Wellness
- Vicarious Trauma & Compassion Fatigue
- Mental Health During the Pandemic
- Substance Use in the Workplace
- Bring your Best Self to Work
- EAP/CISM Overview
- Occupationally specific training, for example First Responder Wellness
- Additional training courses are available through our external EAP provider

Trainings provided by EAP staff		
Year	Trainings	Attendees
2023	26	401
2024	24	391

In 2024, when asked if the training attended could be applied to your work, 100% replied of respondents replied with a YES, showing how valuable the training information can be.

## Scope

The City of Madison Employee Assistance EAP audit covers all program activities conducted during the period of January 1 through December 31, 2024.

## Audit Objectives and Methodology

This audit engagement is intended to provide assurance to management that the activities under review are being conducted effectively, are aligned with the programs as approved by the Common Council, and are in compliance with City of Madison policies, established procedures, and all applicable laws and regulations.

The key objectives of the audit were to evaluate the effectiveness of EAP operations and related controls in the following areas:

1. Processes to ensure the existence, documentation, and consistent application of policies and procedures governing program administration, eligibility determination, and confidentiality requirements.
2. Processes to ensure compliance with applicable confidentiality and privacy laws and regulations, including but not limited to HIPAA and relevant state privacy statutes.
3. Processes to ensure eligibility rules are applied consistently and equitably to all eligible employees across departments and locations.
4. Processes to ensure that cost-benefit analyses are performed to justify the value of EAP programs and services in relation to alternative service delivery options.
5. Processes to ensure employees are adequately informed about available EAP services and that utilization levels are monitored and assessed for effectiveness.
6. Processes to ensure the consistent quality of EAP services across departments, locations, and service modalities.
7. Processes to ensure sufficient capacity and an appropriate scope of services exist to meet employee demand and evolving workforce needs.
8. Processes for collecting, reviewing, and integrating employee feedback related to program quality, accessibility, and effectiveness.
9. Processes to evaluate program effectiveness through the availability of accurate and reliable data, the use of performance metrics, measurable impacts on employee well-being and organizational performance, and the program's ability to adapt to changing workforce and organizational needs.

*Note: Audit Objectives and Methodologies are described below in more detail.*

The Internal Audit conducted interviews with stakeholders and relevant third-party vendors, as well as reviews of requested documents to determine if:

1. EAP has documented, approved, and communicated policies and procedures that govern program administration, eligibility, and confidentiality in compliance with applicable laws, contracts, and best practices. Requested and obtained all internal documentation to verify the following:
  - a. Policies and procedures are reviewed and updated regularly (1-2 years).
  - b. Policies and procedures exist for program administration (e.g., governance, vendor oversight).
  - c. Policies and procedures exist for employee eligibility (e.g., who can access services, dependents).
  - d. Policies and procedures exist for confidentiality (e.g., privacy rules, information-sharing restrictions).
2. EAP has controls in place to ensure compliance with all applicable confidentiality and privacy laws, protecting sensitive employee information and maintaining trust in the program. Obtained documentation to review the following:
  - a. Confirm that applicable laws and regulations governing EAP operations (e.g., HIPAA, Wisconsin state privacy laws, labor confidentiality requirements) were strictly adhered to.
  - b. Ensure the alignment of EAP policies and practices with applicable legal requirements.

- c. Verify that appropriate safeguards exist for PHI and other sensitive, non-HIPAA data.
  - d. Compliance responsibilities are clearly assigned within the EAP.
  - e. Evaluate whether contracts with external EAP providers include explicit confidentiality, data protection, and breach notification requirements.
  - f. Confirm that vendors are subject to oversight and compliance monitoring.
3. EAP adheres to the City's policies and procedures for the reimbursement and timely reconciliation of P-card expenses. Obtained the P-cards report from Munis for the review period and selected a sample to verify the following:
    - a. The P-card transactions were accurately recorded, categorized, and matched with receipts or invoices.
    - b. The appropriate personnel had approved P-card reimbursement.
    - c. The P-card reconciliation was done on time.
  4. EAP has controls in place to prevent and detect unauthorized claims of reimbursements or expenses. Obtained an Expenses/Reimbursements paid report from Munis for the review period and selected a sample to verify the following:
    - a. Each reimbursement was supported with sufficient documentation and was duly approved by authorized personnel.
    - b. Samples were analyzed for red flags or indicators of potential fraud in requesting claims reimbursement.
    - c. The accuracy and authenticity of supporting documentation (receipts and invoices).
  5. EAP has sufficient safeguards in place to monitor application access (provisioning) and termination, thereby ensuring data protection and access security (including data storage). Requested for all users to EAP applications for the review period and selected a sample from the user's list to verify the following:
    - a. Their access to each application is within their job function.
    - b. Their managers approved all application access for the provisioning.
    - c. Employees who are no longer in EAP or whose job function do not require access to the applications.
  6. EAP has controls in place to ensure IT security and protection against breach of data. Requested all IT third party vendors' agreements related to EAP software for the period under review to verify the following:
    - a. Reviewed the vendor's agreements to ensure that responsibilities for data protection, breach notification, and incident response are clearly defined.
    - b. Third-party vendors are subject to regular security due diligence, including reviews of their security policies, audits, and certifications (e.g., SOC 2, ISO 27001).
  7. EAP has controls in place to ensure that contract performance is monitored for satisfactory performance, and that payments are made according to contract terms and that costs are effectively monitored. Requested and obtained a list of contracts held by EAP during the review period to verify the following:
    - a. The existence of a contractual agreement issued by EAP and signed by personnel with job functionality to authorize or approve contracts. Ensuring that the contractual agreement clearly states the contract details and the parties' responsibilities.
    - b. Documentation (approval forms, contract performance review checklist, and other contract execution correspondence) were reviewed to ensure proper supervision and execution.
    - c. Evaluated the approval workflows for contract execution and payment, i.e., ensuring that executed contracts were signed off by responsible personnel with appropriate authority before payment.

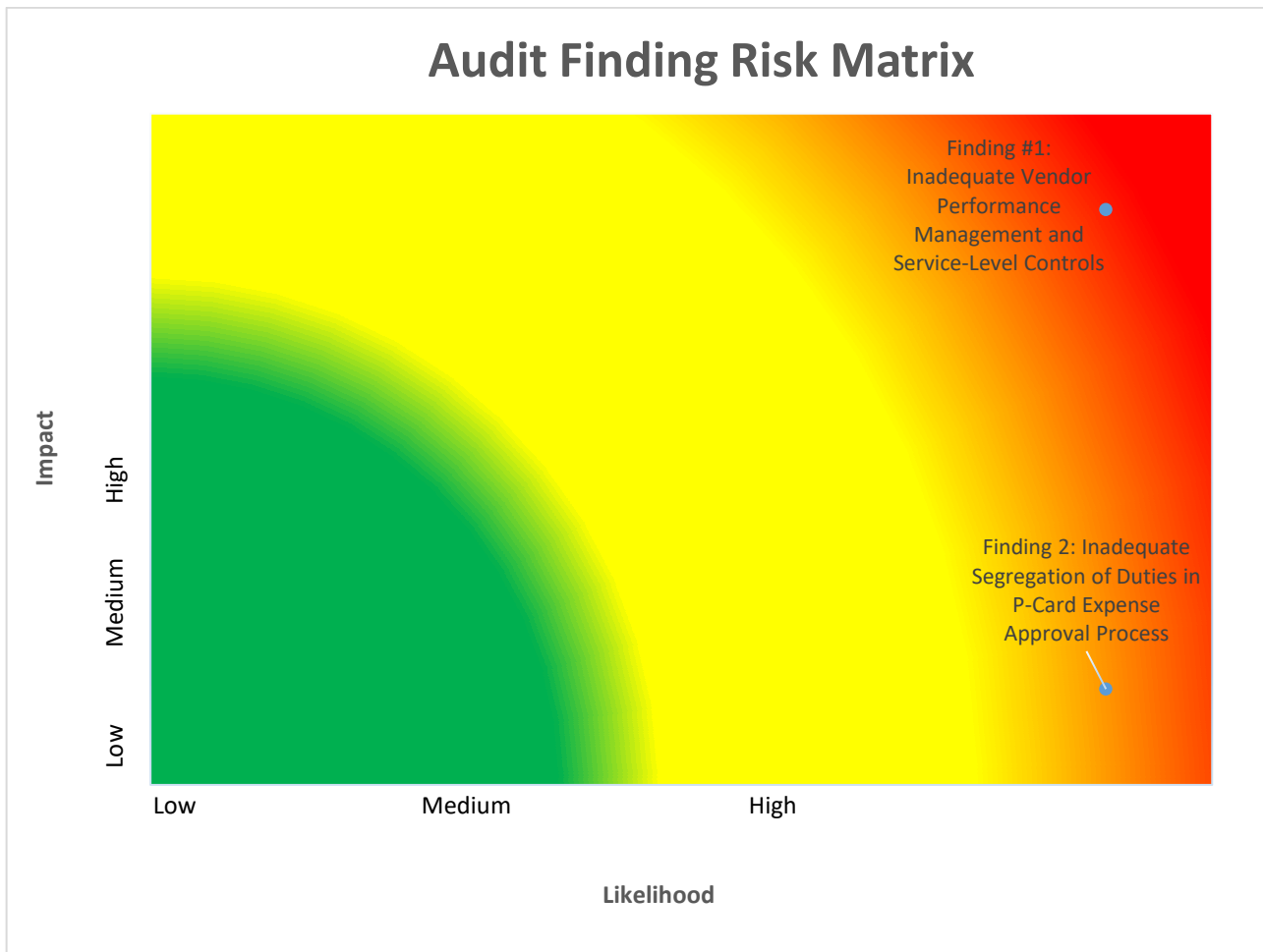
8. EAP has controls in place ensuring that EAP employees are complying with mandatory training requirements as outlined in the training manual:
  - a. Requested and obtained a current list of active EAP employees and selected a sample to verify the following:
    - i. The CEAP license is valid.
    - ii. The license has not expired.
  - b. Requested and obtained onboarding training logs to verify that:
    - i. EAP Training
    - ii. CISM
    - iii. Peer Support
  
9. EAP has a sufficient internal control system in place around its operations – Segregation of duties:
  - a. Assignments of roles and responsibilities to individuals were evaluated to prevent the concentration of approval authority.
  - b. Analyzed access controls to systems, databases, and applications to ensure access rights were appropriately restricted based on job roles and responsibilities.
  - c. Samples of transactions or processes were tested to verify that the principle of segregation of duties exists within the EAP's operations.
  
10. EAP has effective communication strategies in place to promote awareness and utilization of their program, and whether barriers such as stigma reduce employee participation. Obtained a list of communications to City employees during the review period and selected a sample to review the following:
  - a. Verified that communications were sent to all City employees.
  - b. Communications included eligibility (employees, dependents, retirees).
  - c. Communications included all EAP services that were available.
  - d. Communications included confidentiality protection.
  
11. EAP provides consistent service quality to employees across all City departments and locations, ensuring equitable access, reliable delivery, and standardized outcomes:
  - a. Obtain list of City divisions and EAP facilitators to verify the following:
    - i. Each City division has at least one EAP facilitator role.
  - b. Requested and obtained training materials and training schedule to verify that:
    - i. Training was conducted with all City agencies.
    - ii. Training included eligibility requirements (employees, dependents, retirees).
    - iii. Training included all EAP services that were available.
    - iv. Training included confidentiality protections.
    - v. At least one training course was conducted in 2024.
  
12. EAP has controls in place to collect, validate, and report accurate and reliable data on employee participation, service outcomes, and satisfaction, and whether that data is used for decision-making and oversight, and the ability to adapt services to evolving workforce needs. Obtained a list of employee feedback on provided services compiled during the review period to verify the following:
  - a. EAP collects and reports data on employee participation, service outcomes, and satisfaction feedback.
  - b. EAP makes decisions and updates to the program services based on feedback received.

## Findings Risk Rating

<b>Finding Risk Rating</b>	
Audit findings identified in this report were assigned a risk rating based on the potential impact and likelihood of occurrence. Risk likelihood is the probability that the risk will materialize if no action is taken. Risk impact is the degree of expected loss resulting from a materialized risk. The risk matrix found below reflects the potential risk related to each finding identified in this report.	
<b>High Impact + High Likelihood</b>	
High	Sufficient policies and procedures, preventative, detective, and mitigating controls do not exist; reputation or financial status is at risk when the business unit is not in compliance with established policies, laws, and regulations.
<b>High Impact + Low Likelihood or Low Impact + High Likelihood</b>	
Moderate	Policies and procedures exist, but adherence is inconsistent. Preventative and detective controls do not exist, but some level of mitigating controls exist within the business unit. Compliance with laws and regulations is inconsistent.
<b>Low Impact + Low Likelihood</b>	
Low	Policies and procedures exist but were not adhered to on an exceptional basis. Preventative controls do not exist, but detective and mitigating controls exist. The possibility of inappropriate activity is remote.

### Findings Risk Matrix

The Findings Risk Matrix rates the potential impact and likelihood of risk associated with each identified audit finding. Impact and likelihood are rated on a scale of one to five for each finding and then plotted on the matrix. Green areas represent a relatively low risk, while red areas represent a relatively high risk.



The following section contains a detailed listing of each audit finding, applicable internal audit recommendations, and audit observations.

## Findings and Recommendations

### Reference 1: Vendor Performance Management and Service-Level Controls

#### Finding

Internal Audit identified deficiencies in the vendor performance management process related to the provision of CISM services. Based on correspondence received from Tara Armstrong dated December 8, 2025, the contract with the service provider does not include clearly defined performance metrics or formal SLAs. Specifically, the contract lacks:

- Documented performance measures to evaluate vendor effectiveness
- Formal SLAs defining expected response times and service completion timelines
- Established timeframes for the delivery of CISM services to clients

Although the vendor indicated that these practices are performed operationally, management was unable to provide supporting documentation to the auditors to verify or substantiate these claims. In the absence of documented standards and monitoring evidence, Internal Audit could not validate that vendor performance expectations are clearly defined, consistently monitored, or enforced.

#### Effect/Risk

Without documented performance expectations, SLAs, and monitoring evidence, management lacks assurance that vendors are delivering services in a timely, consistent, and effective manner. This increases the risk of:

- Delayed or inconsistent service delivery
- Inability to objectively evaluate vendor performance
- Reduced accountability and enforcement of contractual obligations
- Potential service gaps during critical incidents

#### Criteria

Best practices and internal control standards require that vendor contracts include measurable performance expectations and monitoring mechanisms.

- COSO Internal Control Framework – Control Activities (Principle 10):  
Organizations should select and develop control activities that help ensure management directives are carried out, including documented policies, procedures, and performance measures.
- COSO – Information and Communication (Principle 13):  
Relevant, quality information should be identified and used to support the functioning of internal controls, including performance data for third-party service providers.
- IIA Standard 2120 – Risk Management:  
Internal audit must evaluate the effectiveness of risk management processes, including those related to third-party service delivery.
- IIA Standard 2130 – Control:  
Internal audit must assess the adequacy and effectiveness of controls in responding to risks.

#### Recommendations

1. Management should amend or supplement vendor contracts to include clearly defined performance metrics and formal SLAs, such as expected response times, service delivery timelines, and escalation procedures.
2. Management should implement a documented process to periodically monitor vendor performance against established SLAs, including retention of supporting evidence (e.g., service logs, response time reports, or performance summaries).

3. Management should consider developing Citywide guidance or minimum standards for vendor contracts involving critical services, ensuring consistency in performance expectations and monitoring across agencies.
4. Management should periodically review vendor performance results and report exceptions or service issues to appropriate leadership for oversight and corrective action.

### **Management Response**

Management acknowledges the importance of vendor oversight and accountability; however, the assessment of CISM services requires consideration of the unique nature of clinical mental health interventions.

CISM services provided through the EAP are clinical, trauma-informed, and event-driven, rather than transactional or operational in nature. Unlike administrative or technical services, CISM interventions, including debriefings and crisis support, are highly individualized, confidential, and dependent on variables outside of vendor control, such as the timing, severity, and psychological impact of critical incidents, as well as client readiness and availability. As such, it is not clinically appropriate or operationally realistic to evaluate the effectiveness of these services using traditional quantitative performance metrics or rigid service-completion timelines.

Most CISM debriefings are scheduled in advance in coordination with departments and the vendor. However, in the event of a significant or emergent incident, an immediate or expedited response may be required. In these situations, response expectations are driven by the nature and severity of the incident rather than rigid pre-defined timelines.

Additionally, clinical ethics, confidentiality requirements, and professional standards limit the extent to which detailed service documentation or outcome data can be retained or shared without compromising client privacy. These constraints are inherent to mental health services and distinguish them from other contracted services where standardized service-level agreements are more feasible.

While formal SLAs are not embedded in the current contract, the vendor operates under established clinical best practices and EAP industry standards. Services are delivered by licensed and credentialed mental health professionals with specialized expertise in critical incident response. This clinical expertise carries an inherent professional obligation to assess the need for follow-up care and provide or recommend additional support when clinically indicated.

Ongoing communication occurs between the vendor and EAP leadership regarding service needs and coordination. Management intends to work collaboratively with the vendor to establish reasonable response-time expectations for emergent incidents, recognizing that flexibility is required based on clinical judgment and situational factors.

Participants are encouraged to provide feedback directly to the EAP and Peer Support programs. In addition, management intends to incorporate a voluntary and anonymous SurveyMonkey feedback link into email invitations to provide participants with an additional avenue to share feedback regarding their experience. When feedback or concerns have been identified, the EAP Director has addressed them directly with the vendor's account manager. Given the clinical nature of these services and the professional standards governing their delivery, this approach is considered appropriate to support service quality and accountability.

### **Implementation Date**

June 30, 2026

### **Risk Rating**

High

## Reference 2: Segregation of Duties in P-Card Expense Approval Process

### Finding

Internal Audit identified instances of control override within the P-Card expense approval process. Specifically, of the ten (10) P-Card transactions tested, four (4) were approved by the same individual who submitted the expense. This practice bypasses a key management control designed to enforce segregation of duties and increases the risk of inappropriate or unauthorized transactions.

While Internal Audit did not identify or suspect fraudulent activity related to these transactions, the approval of expenses by the submitter undermines the effectiveness of the control environment and weakens management's ability to detect errors, misuse, or potential fraud.

Additionally, Internal Audit noted that within the agency's staffing structure of four (4) full-time employees, three (3) are P-Card holders. From a control and best-practice perspective, this concentration of P-Card access in a small agency increases the risk of control override. Typically, an agency of this size would require no more than one P-Card holder to support minor operational purchases, with larger or recurring expenditures processed through established procurement and contracting procedures.

### Risk

The lack of adequate segregation of duties and the high number of P-Card holders within a small agency increase the risk of unauthorized purchases, errors, misuse of City funds, and reduced oversight of P-Card activity.

### Criteria

Best practices and internal control standards require that segregation of duties exists between transaction initiation, approval, processing, and reconciliation. Approvers should not have the ability to initiate or record transactions. Where full segregation is not possible, compensating controls (e.g., post-transaction reviews) should be documented and monitored.

### Recommendations

1. Management should ensure that no P-Card transaction is approved by the individual who initiated or submitted the expense. System controls or compensating review procedures should be implemented to prevent or detect self-approval.
2. In situations where staffing limitations make segregation challenging, management should establish documented compensating controls, such as independent post-transaction reviews by a supervisor or Finance representative.
3. Management should reassess the number of P-Card holders within the agency and reduce it to the minimum necessary, ideally one, for routine, low-dollar purchases. Larger or non-routine expenses should be routed through the formal procurement process.
4. Management should conduct periodic reviews of P-Card activity to ensure compliance with City policies and provide refresher training to cardholders and approvals on P-Card requirements and internal control expectations.

### Management Response

Management acknowledges the finding regarding segregation of duties within the P-Card approval process and recognizes the importance of maintaining appropriate internal controls. The instances noted occurred within the context of a small office with limited staffing capacity, which can present challenges in fully segregating duties across all transactional steps.

As noted in the audit, EAP adheres to the City's policies and procedures for P-Card reimbursement and timely reconciliation. Audit testing confirmed that P-Card transactions were accurately recorded, properly categorized, supported by receipts or invoices, appropriately approved, and reconciled in a timely manner. Importantly, no

instances of fraud, misuse, or noncompliance were identified, and there has been no historical pattern of issues related to P-Card activity within EAP.

While there were instances where the submitter also approved a transaction, EAP maintains a compensating check-and-balance structure appropriate for its size. Specifically, all P-Card transactions are reviewed and processed by two separate individuals within the agency, the Program Assistant and the Director, ensuring that there are multiple sets of eyes on every transaction prior to final reconciliation and reporting. This post-transaction review process provides reasonable assurance that expenses are appropriate, supported, and compliant with City requirements.

Given the size of the office and the operational needs of the program, adding an external approver or routing routine purchases outside the agency would delay time-sensitive transactions and create unnecessary barriers to conducting essential business, including professional development and required travel. EAP counselors are issued P-Cards primarily to support conference and training-related expenses, which cannot always be pre-paid through standard procurement processes.

EAP operates with a very small budget, and P-Card usage is limited, monitored, and tied directly to programmatic needs. While management does not agree that reducing P-Card access to a single cardholder is operationally feasible, management is willing to reduce the number of P-Card holders from four (4) to two (2) to further mitigate risk while maintaining functional capacity.

Management will continue to ensure that post-transaction reviews and reconciliations are completed in a timely and accurate manner. Based on historical performance, audit results, and existing controls, management believes the current process, augmented by the proposed reduction in cardholders, provides reasonable assurance over the proper use of City funds. In addition, given the small size of EAP's budget and the fact that certain contractual costs are outside of EAP's direct control, management meets multiple times per year with the assigned budget analyst, providing an additional independent review of expenditures and budget utilization.

**Implementation Date**

June 30, 2026

**Risk Rating**

High

## Observations and Discussion Items

This section highlights matters that warrant management's attention but do not rise to the level of an audit finding. In these instances, the observation owner is a different business unit, department, agency, or external party than the auditee. The Internal Audit Unit recommends that EAP management consider strengthening internal control processes within its areas of responsibility to mitigate the risk of future audit findings related to the internal control objectives described below.

Internal Audit reviewed user log-in activity for the period under review and did not identify any instances of unauthorized access to the EAP application. However, we noted that EAP did not have a documented protocol in place for the active monitoring of user log-in activity.

Further inquiry with the application vendor indicated that responsibility for managing and monitoring system access resides with the client/customer. The vendor also advised that, beginning in Q1 2025, the City's EAP Administrator was granted access to retrieve user log-in data to support ongoing monitoring activities.

Internal Audit recommends that EAP management establish and formally document a user access monitoring protocol. At a minimum, the protocol should include:

- Periodic review of user log-in reports
- Documentation of reviews performed and any issues identified
- Timely investigation and resolution of unusual or unauthorized access
- Clearly defined roles and responsibilities for access monitoring

Implementing these controls will enhance oversight of system access and support the timely detection and response to inappropriate or unauthorized activity.

## Conclusion

Opportunities were identified to improve the effectiveness and efficiency of the City's EAP operations and to further strengthen internal controls. These opportunities include enhancements to vendor oversight and P-Card controls, as outlined below:

- Amend or supplement vendor contracts to include clearly defined performance metrics and formal SLAs, such as expected response times, service delivery timelines, and escalation procedures.
- Implement a documented process to periodically monitor vendor performance against established SLAs, including the retention of supporting evidence (e.g., service logs, response time reports, or performance summaries).
- Develop Citywide guidance or minimum standards for vendor contracts involving critical services to promote consistency in performance expectations and monitoring across agencies.
- Periodically review vendor performance results and report exceptions or service issues to appropriate leadership for oversight and timely corrective action.
- Ensure that no P-Card transaction is approved by the same individual who initiated or submitted the expense by implementing system controls or compensating review procedures to prevent or detect self-approval.
- Establish documented compensating controls, such as independent post-transaction reviews by a supervisor or Finance representative, in situations where staffing limitations make segregation of duties challenging.
- Reassess the number of P-Card holders within the agency and reduce it to the minimum necessary, ideally one cardholder, for routine, low-dollar purchases.
- Conduct periodic reviews of P-Card activity to ensure compliance with City policies and provide refresher training to cardholders and approvers on P-Card requirements and internal control expectations.

The City of Madison Finance Department, Internal Audit Unit, extends its appreciation to EAP staff and all individuals who contributed to the completion of this audit. We are grateful for the courtesy extended and the cooperation demonstrated throughout the engagement, particularly considering the challenges encountered during the audit process.

We also use this opportunity to commend the division for its compliance with most of the City's policies, as reflected in the limited number of audit findings and observations. This level of compliance supports the Internal Audit Unit's role in strengthening governance, risk management, and control (GRC) practices across the City's enterprise.

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## Acknowledgement

The Employee Assistance Program Audit

Compiled by | Brandon Reinders, Internal Auditor  
| Kolawole Akintola, Internal Audit and Grant Manager

Reviewed by | David Schmiedicke, Finance Director

Signing below certifies that you have received, read, and acknowledge the audit report prepared above.

*David Schmiedicke*

03/06/2026

David Schmiedicke, Finance Director

Date

*Arlyn Gonzalez*

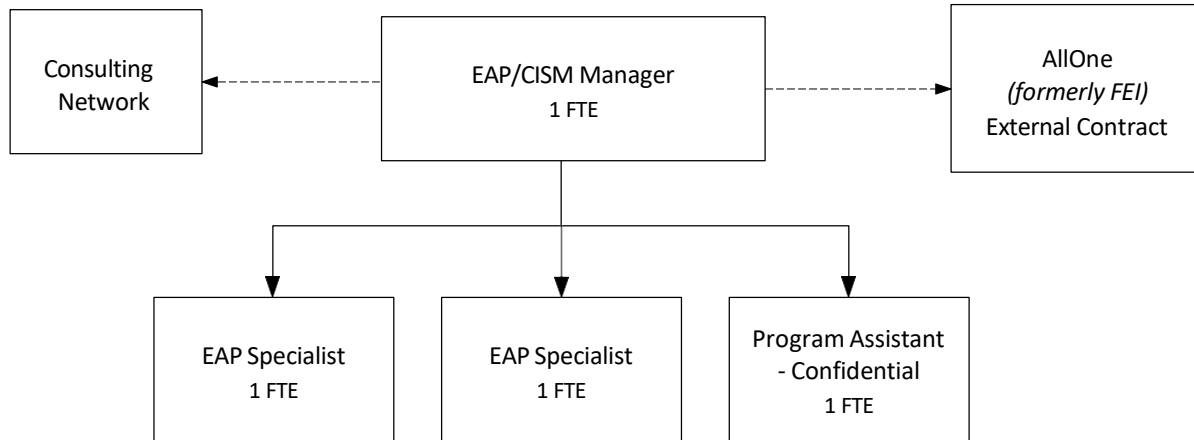
3/6/26

Arlyn Gonzalez, Director  
City of Madison Employee Assistance Program

Date

## Appendix

### 2024 Employee Assistance Program Organizational Chart



### Services Provided

#### General EAP to Employees/Families

- Mental health issues
- Work-related stress
- Relationships
- Trauma
- Substance abuse
- Grief and loss
- Aging parents
- Job performance

#### Organizational EAP Services

- Training/Prevention
- Supervisor/Union consultations
- Work group intervention
- Conflict mediation
- Return to work assistance

#### Critical Incident Stress Management

- Workplace violence prevention
- Defusing/Debriefing
- Grief support
- Pre-incident training

#### First Responders/Peer Support

- Peer Support teams oversight
- Specialized training
- Family support
- Statewide advisory