



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
**WAUSAU WI 54403**  
715 261-1170 phone  
715 261-1515 fax  
<http://www.co.marathon.wi.us>

COUNTY OF MARATHON, WISCONSIN  
Schedule of Prior Year Findings and Questioned Costs  
For Non-Compliance with Federal and State Requirements  
For the year ended December 31, 2013

**FINDING 2012-1**

**Program CFDA Number:** 93.599, 93.563, 93.596, 437.3561, 437.3681,  
*Chafee Education & Training Vouchers Program*  
*Child Support Enforcement*  
*Child Care Mandatory and Matching Funds of the Child Care and*  
*Development Fund*  
*Basic County Allocation*

**State Grantor:** *Wisconsin Department of Children and Families*

**Criteria:** The A-102 Common Rule and 2 CFR part 215 require that non-federal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. OMB Circular A-133 further requires auditors to obtain an understanding of the non-federal entity's internal control over federal programs.

To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the preparation and submission of monthly reports, which should be reviewed and approved by a responsible party other than the original preparer.

**Condition/Context:** Monthly reports submitted to the State of Wisconsin's Central Office Reporting (CORE) system were not reviewed by someone other than the preparer. While there were no compliance issues noted while reviewing the accuracy of the monthly reports, it is important that the County implement effective controls over the process to minimize the risk of incorrect reporting.

**Questioned Costs:** None.

**Cause:** The County did not have a process in place to separate the preparation and review functions surrounding monthly CORE reporting for the first seven months of the year. The remaining five months of the year, the County had preparation and review functions in place.

**Effect:** There is a greater chance that errors may exist in the monthly reports.

**Recommendation:** We recommend the County continue with the monthly independent review process implemented during August 2012. Appropriate documentation supporting the segregation of the preparation and review functions should continue to be kept by the County.

**Management's Response:** The County will continue to independently review the State reports on a monthly basis.

**Official Responsible for Ensuring the Corrective Action Plan:** Jean Schult, Fiscal Services Manager.

**Current Year Status:** The County continues to review State reports on a monthly basis.



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
**WAUSAU WI 54403**  
715 261-1170 phone  
715 261-1515 fax  
<http://www.co.marathon.wi.us>

COUNTY OF MARATHON, WISCONSIN  
Schedule of Prior Year Findings and Questioned Costs  
For Non-Compliance with Federal and State Requirements  
For the year ended December 31, 2013

**FINDING 2012-2**

**Program CFDA Number:** 435.283, 435.284, 435.561, 435.681  
*IM Available Allocation*  
*Basic County Allocation*

**State Grantor:** *Wisconsin Department of Health Services*

**Criteria:** The *State Single Audit Guidelines* require that local entities receiving state awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. The *State Single Audit Guidelines* further requires auditors to obtain an understanding of the local entity's internal control over state programs.

To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the preparation and submission of monthly reports, which should be reviewed and approved by a responsible party other than the original preparer.

**Condition/Context:** Monthly reports submitted to the State of Wisconsin's Community Aids Reporting System (CARS) were not reviewed by someone other than the preparer. While there were no compliance issues noted while reviewing the accuracy of the monthly reports, it is important that the County implement effective controls over the process to minimize the risk of incorrect reporting.

**Questioned Costs:** None.

**Cause:** The County did not have a process in place to separate the preparation and review functions surrounding monthly CARS reporting for the first seven months of the year. The remaining five months of the year, the County had proper preparation and review functions in place.

**Effect:** There is a greater chance that errors may exist in the monthly reports.

**Recommendation:** We recommend the County with the monthly independent review process implemented during August 2012 appropriate documentation supporting the segregation of the preparation and review functions should continue to be kept by the County.

**Management's Response:** The County will continue to independently review the State reports on a monthly basis.

**Official Responsible for Ensuring the Corrective Action Plan:** Jean Schult, Fiscal Services Manager.

**Current Year Status:** The County continues to review State reports on a monthly basis.



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
**WAUSAU WI 54403**  
715 261-1170 phone  
715 261-1515 fax  
<http://www.co.marathon.wi.us>

COUNTY OF MARATHON, WISCONSIN  
Schedule of Prior Year Findings and Questioned Costs  
For Non-Compliance with Federal and State Requirements  
For the year ended December 31, 2013

**FINDING 2012-3**

**State Grantor:** *Wisconsin Department of Children and Families (DCF) General Requirements*

**Criteria:** The DCF general requirements found in the State Single Audit Guidelines states that Random Moment Sampling (RMS) responses should be reasonably supported by appropriate documentation.

**Condition/Context:** One out of the twenty-five items tested did not have supporting documentation consistent with the reported program activity.

**Questioned Costs:** None.

**Cause:** Unknown

**Effect:** The caseworker could be working on a different program than what the RMS sample states and could result in an inaccurate distribution of expenditures to programs for financial reporting to the state.

**Recommendation:** We recommend the County establish controls, such as internal review procedures, to ensure that RMS responses are consistent with supporting documentation.

**Management's Response:** Economic support staff will be reminded of the importance of documenting work being performed on the case in CARES when reporting to RMS.

**Official Responsible for Ensuring the Corrective Action Plan:** Jane Huebsch, Support Program Manager.

**Current Year Status:** Staff are aware of the requirement to document case work performed in CARES. Corrective Action Plan completed September 19, 2013.



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
**WAUSAU WI 54403**  
715 261-1170 phone  
715 261-1515 fax  
<http://www.co.marathon.wi.us>

COUNTY OF MARATHON, WISCONSIN  
Schedule of Prior Year Findings and Questioned Costs  
For Non-Compliance with Federal and State Requirements  
For the year ended December 31, 2013

**FINDING 2012-4**

**Program CFDA Number:** 93.599  
*Chafee Education & Training Vouchers Program*  
**State Grantor:** *Wisconsin Department of Children and Families*

**Criteria:** According to the Wisconsin Department of Children and Families' *Allowable Cost Manual*, expenditures should be reported in the program year in which they were incurred.

**Condition/Context:** During our testing of program expenditures, we noted an expenditure that was incurred for 2011 tuition, but was recorded in the County's general ledger in 2012 and reported in CORE for 2012. We tested a total of forty expenditures under the program.

**Questioned Costs:** The expenditure in question was for \$460.

**Cause:** The cause is unknown.

**Effect:** The expenditure was reported in the wrong fiscal year in the County's general ledger and CORE.

**Recommendation:** We recommend the County review expenditures to ensure they are properly coded to the appropriate accounting period.

**Management's Response:** The County will review all expenses at year end to ensure proper reporting in the correct accounting period.

**Official Responsible for Ensuring the Corrective Action Plan:** Jean Schult, Fiscal Services Manager and Coleen Krasowski, Accountant II.

**Current Year Status:** All expenditures are reviewed at year end and reported to the correct accounting period.



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
**WAUSAU WI 54403**  
715 261-1170 phone  
715 261-1515 fax  
<http://www.co.marathon.wi.us>

COUNTY OF MARATHON, WISCONSIN  
Schedule of Prior Year Findings and Questioned Costs  
For Non-Compliance with Federal and State Requirements  
For the year ended December 31, 2013

**FINDING 2012-5**

**Program CFDA Number:** 395.101  
*Specialized Transportation Assistance Program, Elderly & Handicapped Aids, For Counties*

**State Grantor:** *Wisconsin Department of Transportation*

**Criteria:** The Wisconsin Department of Transportation requires counties to complete and submit semi-annual and annual financial reports regarding the operations and financial position of the County's specialized transportation assistance program.

**Condition/Context:** Semi-annual and annual reports submitted to the State of Wisconsin's Department of Transportation were not reviewed by someone other than the preparer. While there were no compliance issues noted while reviewing the accuracy of the monthly reports, it is important that the County implement effective controls over the process to minimize the risk of incorrect reporting.

**Questioned Costs:** None.

**Cause:** The County does not have a process in place to separate the preparation and review functions surrounding the semi-annual and annual reports.

**Effect:** There is a greater chance that errors may exist in the monthly reports.

**Recommendation:** We recommend the County formalize the reporting process and assign the functions of preparation and review of those reports to separate people. Appropriate documentation supporting the segregation of the preparation and review functions should also be kept by the County.

**Management's Response:** The Department will provide documentation in the form of a memo or email from the grant manager to the grant preparer, that all reports are approved and can be submitted to WisDOT.

**Official Responsible for Ensuring the Corrective Action Plan:** Dave Mack, Program Manager for Marathon County Conservation, Planning & Zoning (CPZ).

**Current Year Status:** The Planning Program Manager reviews the financial reports that are completed by support staff. In addition, the CPZ Director reviews the reports prior to submittal.



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
**WAUSAU WI 54403**  
715 261-1170 phone  
715 261-1515 fax  
<http://www.co.marathon.wi.us>

COUNTY OF MARATHON, WISCONSIN  
Schedule of Prior Year Findings and Questioned Costs  
For Non-Compliance with Federal and State Requirements  
For the year ended December 31, 2013

**FINDING 2012-6**

**Program CFDA Number:** 93.778  
*Medical Assistance/Comprehensive Community Services (CCS)*  
**Federal Grantor:** U.S. Department of Health and Human Services  
**State Pass-Through Agency:** Wisconsin Department of Health Services

**Criteria:** Require that the County is performing control activities for ensuring accurate reporting and consistency between what it reports in the financial charge logs and what is reported in a progress note.

**Condition/Context:** For one of the four items tested, a billing from North Central Health Center was overstated for the time actually spent by one caseworker.

**Questioned Costs:** The expenditure in question was for \$33.

**Cause:** The cause is unknown.

**Effect:** Services provided were overbilled.

**Recommendation:** We recommend the County review the processes and controls over the CCS program to ensure that file documentation is prepared to accurately report charges in the financial charge logs and in the progress notes.

**Management's Response:** The County will review and compare the staff time logs submitted to North Central Health Care with financial reimbursement detail for accuracy.

**Official Responsible for Ensuring the Corrective Action Plan:** Amber Myska, Social Work Supervisor.

**Current Year Status:** The County continues to verify staff time logs submitted to North Central Health Care with financial reimbursement detail. Corrective Action Plan completed October 13, 2013.



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
**WAUSAU WI 54403**  
715 261-1170 phone  
715 261-1515 fax  
<http://www.co.marathon.wi.us>

COUNTY OF MARATHON, WISCONSIN  
Schedule of Prior Year Findings and Questioned Costs  
For Non-Compliance with Federal and State Requirements  
For the year ended December 31, 2013

***FINDING 2012-A: INTERNAL CONTROL OVER FINANCIAL REPORTING***

**Criteria:** According to Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, sufficient internal controls should be in place that provide for the preparation of reliable financial statements that are fairly presented in conformity with generally accepted accounting principles.

**Condition:** Marathon County's financial records contained material misstatements and the auditors prepared the financial statements in accordance with generally accepted accounting principles.

**Cause:** The County has chosen to contract with the auditors for preparation of the annual financial statements. Material journal entries were also identified by the auditors.

**Effect:** The County's financial records were materially misstated. The auditors proposed and made audit entries that were material to the County's financial statements during the 2012 audit. In addition, the auditors prepared the financial statements.

**Recommendation:** The County may consider and implement additional internal control procedures to ensure the accuracy of its financial records.

**Management's Response:** With budget cuts, the Finance Department had reduced staff and had the auditors prepare the financial statements for 2012.

The County reviewed transactions and accounts that met transaction dollar limits, reviewed transactions during the year and completed additional pre-audit work to verify all transactions were appropriate. The County takes the accuracy of its financial reporting very seriously and will continue to strive to create financial records that are free of material misstatements.

**Official Responsible for Ensuring the Corrective Action Plan:** Kristi Kordus, Marathon County Finance Director

**Current Year Status:**

The County reviews financial transactions throughout the year and completes additional pre-audit work to verify all financial reports are complete and accurate. It is anticipated that the Corrective Action Plan will be completed in April 2014.



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
**WAUSAU WI 54403**  
715 261-1170 phone  
715 261-1515 fax  
<http://www.co.marathon.wi.us>

COUNTY OF MARATHON, WISCONSIN  
Schedule of Prior Year Findings and Questioned Costs  
For Non-Compliance with Federal and State Requirements  
For the year ended December 31, 2013

***FINDING 2012-B: INTERNAL CONTROL ENVIRONMENT***

**Criteria:** According to Statement on Auditing Standards (SAS) Nos. 104-111, collectively known as the risk assessment standards, sufficient internal accounting controls should be in place that mitigate the risk of material misstatement in the financial records due to fraud or error.

**Condition:** We identified key controls that ideally should be present or strengthened in order to mitigate the risk of material misstatement in relation to the County's significant transaction cycles as follows:

**Entity-Wide Controls:** A formal fraud risk evaluation process should be in place. This is a control process that should exist and be performed by a newly created audit committee, the finance committee, or similar organization.

**Controls Over Cash:** Bank reconciliations for the County's general checking account are being performed by someone who is independent of processing transactions flowing through the checking account. However, this bank reconciliation is not being independently reviewed and documented as such.

**Cause:** Certain controls do not exist due to County staffing and processes.

**Effect:** Due to the lack of certain controls, there is a risk that material misstatements due to fraud or error may go undetected in the County's financial records.

**Recommendation:** The County should designate a person within the organization to review these potential controls and make a suggestion on the County's ability and cost (including time) to implement some or all of them.

***Management's Response:***

**Entity-Wide Controls:** The Finance and Property Committee does review the CAFR, Internal Control Letter, Management Response and Single Audit Report.

**Controls Over Cash:** The County does verify decentralized bank accounts by someone independent of processing the transactions. The County will initiate a similar procedure for the County's general checking account.

**Official Responsible for Ensuring the Corrective Action Plan:** Kristi Kordus, Marathon County Finance Director

***Current Year Status:***

**Entity-Wide Controls:** The Corrective Action Plan was implemented, but not as initially described. The Finance Committee reviews financial statements and management letters but will continue to include additional risk assessment functions throughout the year.

**Controls Over Cash:** The County's general checking account is verified by an employee who is separate from those processing transactions.



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
**WAUSAU WI 54403**  
715 261-1170 phone  
715 261-1515 fax  
<http://www.co.marathon.wi.us>

COUNTY OF MARATHON, WISCONSIN  
Schedule of Prior Year Findings and Questioned Costs  
For Non-Compliance with Federal and State Requirements  
For the year ended December 31, 2013

***FINDING 2012-C: DEPARTMENTAL CONTROLS/DECENTRALIZED ACTIVITIES***

**Criteria:** Auditing standards state that a lack of adequate segregation of duties is a weakness in internal control.

**Condition:** Various departments at Marathon County do not have adequate segregation of duties regarding their accounting procedures.

**Cause:** Many county departments lack the personnel necessary to adequately segregate financial and accounting duties.

**Effect:** Financial records and assets at departments without adequate segregation of duties are at more risk for misstatement due to fraud or errors.

**Recommendation:** The County may consider and implement additional internal control procedures to ensure adequate segregation of duties in all departments. In lieu of additional controls, the County may rely on continued or increased involvement by the appropriate committees.

**Management's Response:** The County management will continue to look at ways we can mitigate the risk posed by the lack of segregation of duties in the departments identified in your letter. As part of this process, staff from the Finance Department would meet with various departments and evaluate different aspects of the accounting cycles in order to identify opportunities for additional segregation of duties.

**Official Responsible for Ensuring the Corrective Action Plan:** Kristi Kordus, Marathon County Finance Director

**Current Year Status:** The County continues to work on implementing additional internal control procedures to properly segregate duties in all departments.