



MARATHON COUNTY FINANCE DEPARTMENT
500 FOREST ST
WAUSAU WI 54403
715 261-1170 phone
715 261-0386 fax
<http://www.co.marathon.wi.us>

COUNTY OF MARATHON, WISCONSIN
Corrective Action Plan
For the year ended December 31, 2014

FINDING 2014-001: 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, including the schedule of expenditures of federal and state awards, that are fairly presented in conformity with generally accepted accounting principles.

Condition: Marathon County's financial records contained material misstatements, the auditors prepared the financial statements in accordance with generally accepted accounting principles, and material changes were made to the schedule of expenditures of federal and state awards.

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 and schedule of expenditures of federal and state awards were materially misstated. The auditors proposed and made audit entries that were material to the County's financial statements during the 2014 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 increased workload for each of the Finance Department staff, it was determined that the auditors prepare the financial statements for 2014.

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.

Planned Completion Date for the Corrective Action Plan:

Complete and review financial transactions during the year: On-going.

Complete additional pre-audit work on specific transaction accounts: April 2016.

Review staff workload in future years to see if the department has the funds and capacity to create the financial statements in house.



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FINDING 2014-002: DEPARTMENTAL CONTROLS/DECENTRALIZED ACTIVITIES

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

Condition: A department at Marathon County does not have adequate segregation of duties regarding their accounting procedures.

Cause: A 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: 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 the department 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.

Planned Completion Date for the Corrective Action Plan: The County will continue to work on implementing additional internal control procedures on an on-going basis.



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FINDING 2014-003

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 noted.

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. The Fiscal Services Manager will attend a unit meeting to emphasize RMS and CARES case noting.

Officials Responsible for Ensuring the Corrective Action Plan: Jane Huebsch, Support Program Manager and Jean Schult, Fiscal Services Manager.

Planned Completion Date for the Corrective Action Plan: September 30, 2015.



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FINDING 2014-004

Program State ID Number and Title: 435.871 – TPA CLTS OTHER GPR
435.874 – TPA CLTS AUTISM GPR
435.877 – CLTS OTHER CWA ADMIN GPR
435.880 – CLTS AUTISM CWA ADMIN GPR

State Grantor: Wisconsin Department of Health Services

Criteria: DHS audit guidance states that the County waiver agency is required to establish Cost Sharing Agreements with the participant's family where appropriate. The MA Waiver Eligibility and Cost Sharing Worksheet (Form F-20919) and/or CARES screen should be completed in order to complete this requirement. This should be updated annually.

Condition/Context: During our testing, it was noted that one of the individuals selected for testing did not have a current copy of the MA Waiver Eligibility and Cost Sharing Worksheet (Form F-20919).

Cause: Unknown.

Effect: The County may not be applying cost share when appropriate.

Questioned Costs: None noted.

Recommendation: We recommend the County implement a system for tracking and verifying all documents are updated appropriately.

Management's Response: The MA Waiver Eligibility and Cost Sharing Worksheet (Form F-20919) has been added to the annual recertification packet for staff to complete. CLTS staff will be reminded of the requirement to have F-20919 as part of the annual recertification process.

Official Responsible for Ensuring the Corrective Action Plan: Julie Jensen, Children's Support Services Supervisor.

Planned Completion Date for the Corrective Action Plan: September 30, 2015.