



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
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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, 2014

**FINDING 2013-001: 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 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 2013 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 Response:**

With increased workload for each of the Finance Department staff, it was determined that the auditors prepare the financial statements for 2013.

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 continues to review financial transactions throughout the year and completes additional pre-audit work to verify that all financial reports are complete and accurate. The corrective action plan is being implemented as described and will be completed in April 2015.



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**FINDING 2013-002: 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 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:** Corrective action was taken consistent with the corrective action plan. Resolution #R-87-14 "A Resolution Establishing the Finance and Property Committee as the Audit Committee and Establish a Formal Fraud Risk Assessment Program" was approved by the Marathon County Board on December 16, 2014.

**Controls Over Cash:** The corrective action plan for the procedure for verifying the County's general checking account was implemented but not until December 2014 due to personnel changes.



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**FINDING 2013-003: 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 department lacks the personnel necessary to adequately segregate financial and accounting duties.

**Effect:** Financial records and assets at the department 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 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:**

Corrective action taken is consistent with the corrective action plan. The County continues to work on implementing additional internal control procedures.



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**FINDING 2013-004**

**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.

**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.

**Questioned Costs:** None.

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

**Management Response:** Economic support staff will be reminded 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:** Corrective action was taken consistent with corrective action plan. Corrective Action Plan completed September 30, 2014.



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**FINDING 2013-005**

**Program State ID Number and Title:** 435.802 – TPA CLTS DD Autism GPR,  
435.805 – TPA CLTS DD Other GPR  
435.808 – TPA CLTS MH Autism GPR  
435.811 – TPA CLTS MH Other GPR  
435.817 – TPA CLTS PD Other GPR  
435.832 – CLTS DD AUT CWA ADMIN GPR  
435.835 – CLTS DD OTH CWA ADMIN GPR  
435.838 – CLTS MH AUT CWA ADMIN GPR  
435.841 – CLTS MH OTH CWA ADMIN GPR  
435.847 – CLTS PD OTH CWA ADMIN GPR

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

**Criteria:** DCF requires that the County notify the parent/guardian they have the right to change services or providers of services during the six month and annual reviews of Individual Service Plans (IPS).

**Condition/Context:** During our testing, it was noted that in one of the nine files selected the parent/guardian did not sign the ISP acknowledging their right to change services or providers of services.

**Cause:** Unknown.

**Effect:** The parent/guardian may have wanted a change of services or providers of services, but did not receive them.

**Questioned Costs:** None.

**Recommendation:** We recommend that the County have parents/guardians sign the ISP as part of every six month and annual review.

**Management Response:** CLTS Social Workers will be reminded of the importance of having the parent/guardian sign the ISP at every six month and annual review. Children's Support Services Supervisor will complete the six month file review checklist for all six month reviews. CLTS Social Worker will complete the checklist for annual reviews prior to sending onto the state.

**Official Responsible for Ensuring the Corrective Action Plan:** Amber Myska, Children's Support Services Supervisor.

**Current Year Status:** Corrective action plan was implemented, but not as initially described. Children's Support Services Supervisor will complete the Six-Month File Review Checklist for all six-month reviews. The ISP and checklist will be imaged. The Children's Support Services Supervisor will initial all ISPs for six-month reviews and annual recertification to verify that a parent's signature has been attained.



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**FINDING 2013-005 (CONTINUED)**

**Program State ID Number and Title:** 435.802 – TPA CLTS DD Autism GPR,  
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435.808 – TPA CLTS MH Autism GPR  
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435.847 – CLTS PD OTH CWA ADMIN GPR

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

**Current Year Status:** (Continued)

A tracking mechanism was created using an Excel spreadsheet detailing all children receiving CLTS services, six-month review due dates for children, and annual recertification dates for children. The Children's Support Services Supervisor will review this spreadsheet on the first of every month and will provide a list to all social workers of their upcoming reviews and recertification due by the end of the month. The assigned social worker will provide the signed ISP to the Children's Support Services Supervisor during the month of the assigned due date. The Children's Support Services Supervisor will follow up with social workers on a weekly basis to verify that the signed ISPs for that week are submitted. This will ensure that all ISPs for six-month reviews and annual recertification have a parent's signature.



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**FINDING 2013-006**

**Program State ID Number and Title:** 435.802 – TPA CLTS DD Autism GPR  
435.805 – TPA CLTS DD Other GPR  
435.808 – TPA CLTS MH Autism GPR  
435.811 – TPA CLTS MH Other GPR  
435.817 – TPA CLTS PD Other GPR  
435.832 – CLTS DD AUT CWA ADMIN GPR  
435.835 – CLTS DD OTH CWA ADMIN GPR  
435.838 – CLTS MH AUT CWA ADMIN GPR  
435.841 – CLTS MH OTH CWA ADMIN GPR  
435.847 – CLTS PD OTH CWA ADMIN GPR

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

**Criteria:** Chapter IV of the Medicaid Home and Community-Based Services Waivers Manual states that providers must be properly trained and credentialed to deliver the authorized services.

**Condition/Context:** During testing, it was noted that the County does not actively monitor subrecipients to verify they are keeping up with the required trainings.

**Cause:** Unknown.

**Effect:** The provider may not have adequate training to provide services for that individual.

**Questioned Costs:** None.

**Recommendation:** During 2014, the County implemented requirements with their subcontractors to submit training documentation. We recommend the County verify that the required documentation is submitted.

**Management Response:** A training verification tracking process will be developed and implemented to track training verification paperwork.

**Official Responsible for Ensuring the Corrective Action Plan:** Amber Myska, Children's Support Services Supervisor.

**Current Year Status:** Corrective action was taken, but not as initially described. The department met with Consumer Direct in July of 2014 to complete corrective action plan. In July of 2014, Consumer Direct mailed the Training Verification Form to all parents to ensure all Training Verification Forms were completed and collected for 2014. Occurring on an annual basis in February, Consumer Direct will send out Training Verification Forms to all parents and will follow the procedure detailed below.



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**FINDING 2013-006 (CONTINUED)**

**Program State ID Number and Title:** 435.802 – TPA CLTS DD Autism GPR  
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435.808 – TPA CLTS MH Autism GPR  
435.811 – TPA CLTS MH Other GPR  
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435.847 – CLTS PD OTH CWA ADMIN GPR

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

**Current Year Status:** (Continued)

Training Verification Process:

Consumer Direct will assist in tracking required Training Verification Forms by having a system in place to meet the requirements below.

1. Consumer Direct will create and use a report detailing the names of private providers and the status of their Training Verification Forms.
2. During the first week of February each year, Consumer Direct will mail Training Verification Forms to parents. Parents will complete the Training Verification Form with all new providers throughout the year as part of their initial paperwork with Consumer Direct.
3. Parents will mail the forms back to Consumer Direct within 30 days.
4. Consumer Direct will document that the requirement has been met in the report that is provided to the Marathon County Department of Social Services on a quarterly basis.
5. If the Training Verification Form is not returned within 30 days, the private provider will be unable to submit time.
6. Consumer Direct will inform CLTS Social Worker and Children's Support Services Manager that the form has not been returned and the private provider will be unable to submit time until the Training Verification Form is on file.



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**FINDING 2013-007**

**Program State ID Number and Title:** 395.202 – Highway Planning and Construction MPO  
**State Grantor:** Wisconsin Department of Transportation

**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. *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:** Quarterly 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.

**Cause:** Unknown.

**Effect:** Reports could be submitted that contain errors.

**Questioned Costs:** None.

**Recommendation:** We recommend that an employee other than the preparer review all reports before they submitted to grantors.

**Management Response:** All quarterly reports will be prepared by the support staff and then reviewed by the Program Manager prior to submittal. As per the new WIS DOT Reporting Forms, the Preparer and Program Manager need to review and sign the form before submittal.

**Official Responsible for Ensuring the Corrective Action Plan:** David Mack, Program Manager.

**Current Year Status:** The corrective action plan is being implemented as described.



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**FINDING 2013-008**

**Program State ID Number and Title:** 395.101 – Specialized Transportation  
**State Grantor:** Wisconsin Department of Transportation

**Criteria:** The grant agreement with the state requires the second semi-annual report to be submitted by March 1st of the following year. The grant agreement also requires that the annual report be submitted by March 31st of the following year.

**Condition:** The second semi-annual report and the annual report were not submitted by the required deadlines.

**Cause:** Unknown.

**Effect:** The County is not in compliance with the reporting requirements set forth in the grant agreement.

**Questioned Costs:** None.

**Recommendation:** We recommend the County submit the reports prior to the deadlines set by the State.

**Management Response:** Due to staff changes, the reports for 2013 were not submitted on time. 2014 reports to date have been submitted on time. Reminders have been added to Outlook calendars for the Program Manager and Administrative Manager to ensure deadlines are not missed.

**Official Responsible for Ensuring the Corrective Action Plan:** David Mack, Program Manager and Diane Hanson, Administrative Manager.

**Current Year Status:** All deadlines for reporting have been met.