



**MARATHON COUNTY FINANCE DEPARTMENT**  
**500 FOREST ST**  
**WAUSAU WI 54403**  
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<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, 2017

***FINDING 2016-001 INTERNAL CONTROL OVER FINANCIAL REPORTING***

**Repeat of Finding 2015-001**

**Criteria:** According to Statement on Auditing Standards (SAS) AU-C Section 315, 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:** The auditors prepared the financial statements in accordance with generally accepted accounting principles and misstatements in the general ledger were identified during the audit.

**Cause:** The County has chosen to contract with the auditors for preparation of the annual financial statements.

**Effect:** The auditors prepared the financial statements which presents risks over financial reporting that errors may occur and not be detected.

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

**Management Response:** The County has implemented procedures for County personnel that prepare the financial statements to review transactions and accounts so that the financial statements would be free of any material errors. 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 statements that are free of material misstatement.

The Finance Department staff does attend GFOA and other governmental accounting training and maintains the knowledge and ability to complete the financial statements in house. If in the future additional resources become available, the County will review the final financial transactions and entries and develop the comprehensive annual financial report in house.

**Official Responsible for Ensuring the Corrective Action Plan:** Kristi Palmer, 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 transactions accounts for 2017: April 2018. Completed  
Review staff workload in future years to see if the department has the funds and capacity to create the financial statements in house.

**Current Year Status:** The Finance Department will continue to provide on-going training to staff to be capable of creating the financial statements in house and will analyze whether we have to capacity to complete the financial statements in house.



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**FINDING 2016-002 DECENTRALIZED ACTIVITIES – CENTRAL WISCONSIN AIRPORT & LANDFILL**

**Repeat of Finding 2015-002**

**Criteria:** Sufficient internal controls involve centralizing collections of County funds as much as feasible and depositing funds on a regular basis.

**Condition:** For the majority of the year, The Central Wisconsin Airport collected significant amounts of funds and did not deposit them on a regular basis. Both the County landfill and Central Wisconsin Airport have an individual who is responsible for invoicing, collecting payments, preparing deposits, and delivering the funds which results in a weakness over segregation of duties.

**Cause:** Limited staffing and past procedures have not been recently evaluated.

**Effect:** Controls are weakened when there is a lack of segregation of duties, centralized collections do not occur, and deposits are not made regularly.

**Recommendation:** We recommend the County, CWA and the landfill determine if payments could be sent directly to the County Treasurer's office for deposit. If this is not possible, the collections at CWA should be deposited on a more frequent basis and controls should be established so that airport and landfill funds are adequately safeguarded.

**Management's Response:** The County changed its Accounts Receivable billing practices as of the end of 2015. CWA is a distant location and has just recently been included on the County's network. The Treasurer's office is currently working with CWA to have the staff at CWA enter invoices in Cayenta with the remittance address being the County Treasurer's office at the Courthouse. The parking payments that come directly to CWA will be directly receipted into the County's cash receipting system and deposited timely. In regards to the landfill, the Finance Department will be meeting with the staff of the Solid Waste Department to review their cash receipting procedures and come up with changes to adequately safeguard their collections.

**Official Responsible for Ensuring the Corrective Action Plan:** Kristi Palmer, Marathon County Finance Director and Audrey Jensen, Marathon County Treasurer

**Planned Completion Date for the Corrective Action Plan:** This plan is expected to be effective by September of 2017.

The County will continue to work on implementing additional internal control procedures on an on-going basis.

**Current Year Status:** Corrective action was taken as described for CWA and the plan will be fully implemented by July 1, 2018 for CWA. The corrective action plan for Landfill is being worked on with the cooperation of the landfill staff and the County Treasurer's office. Implementation should be completed by

September 1, 2018. We will try to mitigate the segregation of duties issue as much as possible within the confines of the limited staff at the Landfill.



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**FINDING 2016-003 TREASURER'S OFFICE**

**Repeat of Finding 2015-003**

**Criteria:** We performed our audit under Statements on Auditing Standards (SAS), AU-C Section 315, which required us to review the County's internal controls. As a result, we identified certain controls that we considered to be key controls that were not in place during the year under audit.

**Condition:** The tax collection software system that the County utilizes was not reconciled to the County's general ledger in 2015 and is not able to produce historical reports or interface with the County's general ledger. In addition, adjustments made in the tax system are not being independently reviewed. While 2016 activity did reconcile, the discrepancy between the Land Records system and Cayenta general ledger still exists.

**Cause:** There are system limitations within the tax collection system that do not allow historical reports to be reproduced.

**Effect:** Internal controls cannot be relied upon over adjustments to the tax system.

**Recommendation:** We recommend that the tax collection software and the general ledger reconcile at all times during the year. Further, we recommend that the County work with the software vendor to determine if historical reports could be produced, if the two systems could interface, and if a report could be generated whereby a review of all adjustments could be performed by someone independent of posting journal entries.

**Management's Response:** The Finance Department will work with the Treasurer's office and City County Information Technology Commission to develop a set of procedures to balance the Land Records system with Cayenta. The two systems balanced for past years' taxes. The land records application cannot rerun reports from prior dates to verify ending balances so we will complete the current reconciliation and maintain monthly reconciliations of the two systems.

Two items to note on the process of recording receipts from the land records system to Cayenta. Each day amounts collected by the Treasurer's office for various categories are posted to the accounts (land records). The subsequent day, the financial activity is posted through Cayenta cash receipts by the County Treasurer's office. This does provide a problem for timing and possible errors due to double receipting. The Land Records system is not interfaced with Cayenta so the previous day's activity must be posted by cash receipt at the Treasurer's office not through manual journal entries.

In order to correct this item, the County Treasurer and CCITC will review the daily transactions from systems to look for the discrepancies in the daily transactions.

**Management's Response (cont.):** Lastly, the current Land Records system is old (25 years old) and many of the requested improvements that you suggested are not possible on the system without major

programming changes. In 2016, the County went out for RFP to purchase a new Land Records system with many of the suggestions that you have listed will be a requirement in the new system. We will be anticipating a staged implementation of the new land records system in 2018.

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

***Planned Completion Date for the Corrective Action Plan:*** A staged implementation of the new land records system is expected to take place in 2018.

***Current Year Status:*** Corrective action is taking place consistent with the corrective action plan.



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***FINDING 2016-004 INFORMATION TECHNOLOGY***

**Repeat of Finding 2015-004**

**Criteria:** We performed our audit under Statements on Auditing Standards (SAS) AU-C Section 315, which required us to review the County's internal controls, including those over information technology. As a result, we identified certain general computer controls that could be strengthened.

**Condition:** A properly designed system of internal control includes establishing proper information technology controls. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner. At this time, the proper information technology controls regarding user access are not in place. Further, the County does not have a formal process in place to complete backup restores on a periodic basis to ensure that the backups are functioning as intended, and some of the backups are kept onsite.

**Cause:** Unknown.

**Effect:** Weaknesses in the internal controls over information technology controls increases the possibility of misstatements due to errors or fraud.

**Recommendation:** We recommend that a designated employee review the controls over user access, the related risks, and potential controls to determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis. We also recommend a formal process be put in place to complete back up restores on a periodic basis to ensure they are functioning as intended.

**Management's Response:** The County has generic IDs for Cayenta for CPZ, Sheriff and the County Clerk's office. These logins are only used for cash receipting and reporting. The logins have no additional access to Cayenta. We cannot have logins for each person to receipt each transaction; that process would be extremely cumbersome. There are mitigating controls such as the drawers are balanced daily and the deposit is verified in the Treasurer's office.

The Social Services and Land Records systems were created "in-house" and are very old and as we implement new systems in both areas the issue with logical and physical access and security should be fixed. The Active Directory system has complex passwords and the old applications are being replaced and the mitigating control is that you cannot log in to access those two applications without first accessing Active Directory.

Periodic review of access levels for the social services application will be reviewed as Social Services moves to the new system. The Social service management team can review the permissions and set up a schedule for periodical review.

**Management's Response (cont.):** In regards to data backup and recovery, the County's strategy for testing Cayenta restores is using the same type of back up process as we do for a routine backup to restore test environments. We will look to formalize this process and do an annual test.

For Cayenta, there are two nightly disk to disk copies. One is on-site and the other is off-site at the Courthouse. Both of these have a 28 day rotation. In addition, there is a backup to tape that happens nightly and the tape is sent off-site each month. We have 2 years of month end tapes off site. An additional 5 years are in the vault at City Hall. We will review the options that we have available to backup data and hold offsite further reducing our exposure to losing data.

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

**Planned Completion Date for the Corrective Action Plan:** This plan is effective as of September 2017.

**Current Year Status:** Corrective action was taken consistent with the corrective action plan





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**FINDING 2016-005**

**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 are reasonably supported by appropriate documentation.

**Condition/Context:** During our testing, it was noted that two out of twenty-five items tested did not have supporting documentation consistent with the reported program activity. The sample was not a statistically valid sample.

**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 noted

**Recommendation:** We recommend the County establish processes or procedures, such as internal review procedures, to ensure that RMS responses are documented to support their actions and is consistent with supporting documentation.

**Management's Response:** All Economic Support staff in our consortia will be reminded the importance of accurately documenting work being performed in the case comments section in CARES when reporting to RMS. Marathon County Economic Support Supervisor will review the monthly report for quality control of case comments for Marathon County and will address any inaccuracies directly with applicable staff to help ensure accuracy of RMS data.

**Official Responsible for Ensuring the Corrective Action Plan:** Nicole Rolain, IM Central Consortia Manager and Jenni Dalton, Economic Support Supervisor.

**Planned Completion Date for the Corrective Action Plan:** This plan is effective as of September 2017

**Current Year Status:** Corrective action was taken consistent with the corrective action plan.



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**FINDING 2016-006**

**Program CFDA Number and Title:** 93.658 – Foster Care – Title IV E  
**Federal Grantor:** U.S. Department of Health and Human Services  
**Pass-through Entity:** Wisconsin Department of Children and Families  
**Pass-through Entity Award No.:** No information provided

**Criteria:** Per 2 CFR 200.309 a non-federal entity may charge to the federal award only allowable costs incurred during the period of performance. Proper controls should be in place to ensure expenditures are reported in the appropriate accounting and grant period.

**Condition/Context:** During testing of a sample of 40 expenditures that occurred near the beginning and end of the period of performance, a payment was made to a service provider in February of 2016 that related to services provided in December of 2015. This amount was recorded as an expenditure in 2016. The sample was not statistically valid.

**Cause:** The expenditure was for an allowable cost, however, it related to a prior period and was not accrued. The cause is not known.

**Effect:** The expenditure was not recorded in the correct accounting period, causing 2015 expenditures to be understated and 2016 expenditures to be overstated.

**Questioned Costs:** Total questioned costs related to CFDA No. 93.658 are \$3,347. This amount represents the 2015 services paid and recorded in 2016.

**Recommendation:** We recommend that controls are implemented to ensure expenditures are being recorded in the proper period. This is most relevant at the beginning and end of the grant period.

**Management's Response:** Financial staff responsible for processing payments will be reminded of the importance of posting expenses into the correct accounting period. Financial staff responsible for reviewing payment batches and monitoring general ledger activity will implement additional review procedures to ensure that expenses are charged to the correct grant year.

**Official Responsible for Ensuring the Corrective Action Plan:** Pam Schroeter, Business Manager

**Planned Completion Date for the Corrective Action Plan:** This plan is effective as of October 2017

**Current Year Status:** Corrective action was taken consistent with correction action plan.