

Waukesha County Board of Supervisors

Minutes of the Executive Committee Monday, November 20, 2023

Chair Decker called the meeting to order at 8:30 a.m.

Present: Supervisors Paul Decker, Keith Hammitt Jim Heinrich, Jacob LaFontain, Larry Nelson and Peter Wolff. **Absent:** Supervisor Tyler Foti

Also Present: Chief of Staff Sarah Spaeth, Legislative Policy Advisor Sarah Fraley, Administrative Specialist Barbara Hollander, Treasurer Pam Reeves, Deputy Treasurer Terri Schultz, Accounting Services Manager Danielle Igielski, Accounting Services Manager Marissa Schlichting, Adriane McCoy, Tiffany McCoy and Andrew Gill via Teams (Baker Tilly)

Approve Minutes of October 23

MOTION: Hammitt moved, second by LaFontain to approve the minutes of October 23. Motion carried 6-0

Next Meeting Date

December 11

Standing Committee Reports

Hammitt, LaFontain and Heinrich gave reports on their respective committees.

Presentation of Treasurer's Audit

A. McCoy and T. McCoy said that this audit was to review only the Waukesha County Treasurer's Office internal controls related to the receipting, accounting, and disbursement procedures exclusively within the Treasurer's Office. The components selected to review during the scope and timing of audit testing included:

- Review of documented policies compared to current state procedures
- Review of billing for agricultural use conversions
- Review of the disbursements process
- Review of payroll check run process
- Review of the bank reconciliation and master account reconciliation process
- Review of unclaimed funds process
- Review of bank deposits process
- Review of cancelled check process
- Evaluation of the segregation of duties and roles
- Review of oversight, authority levels, and approval processes
- Testing of the identified controls from the above processes

Some of the audit highlights are as follows:

Finding #4 - A policy and procedure document that describes the procedure to ensure compliance with State Statute 74.485 related to Agricultural Use Conversion billings - target completion date has been changed to January 1, 2024.

Finding #7 - Check stock being secured – Discussion ensued on securing blank check stock. Reeves said the county would need to provide funds and a space for a secured storage area. LaFontain said check stock should be locked up in a secured place. Igielski said there are a number of internal controls in the check-issuing process that would safeguard against checks being issued using the blank check stock.

Finding #9 – Check disbursement process – recommendation was to have the administrative specialist included on the email communication from the payroll department that includes the number and amount of checks to be paid for comparison to the original list to ensure that all of the checks that have been requested have been disbursed. Department management did provide a response that that had been completed on September 27, 2023. Reeves questioned whether this verification makes any difference as they are merely the printing operation of the entire check-issuing process. Igielski said that right now the email comes from her office to Reeves and Schultz and they double-check the numbers and confirm back to her office. They do not post that check stop until they receive that conformation. Baker Tilly did ask for confirmation of the email exchanges and they were informed that the County Clerk's office documents, prints and stores the records of all of the checks that have been issued according to county code. They were able to confirm with the Clerk's office that those emails took place.

In summary, A. McCoy said the recommendations provided were to hopefully support the county in being able to alleviate the Treasurer and Deputy Treasurer from being so heavily involved in the day-to-day operations, and provide them with an opportunity to take a step back and move on to the strategy and governance of the department. Also, if these finding are implemented, it would provide Treasurer's Department staff training and promotion opportunities and increase the knowledge and skill sets to all members of the department. This would ensure that in the event of anyone's absence, the department would not be stalled or halted in any way.

Igielski said one of the learning opportunities of this audit was that the audit scope is very critical. In the beginning, her main concern was that her staff didn't have time due to their own financial audit, single audit and the Enterprise Resource Planning (ERP) request for proposal, and the scope of the audit was heavily in the accounting division. A significant amount of time is spent on internal control training in the accounting division. She voiced her concern that a lot of things considered high risk in the report do have internal controls that were not identified and could have been rated at a low risk factor. She stated that in the future that the scoping of the audit concentrate on having written procedures in place so that there is no interruption of service to the public.

Reeves stated that there is not staff in her office who are in the right job classifications to take on the banking-related responsibilities handled by the Treasurer and Deputy Treasurer.

Discussion ensued about the scope of audits for the Treasurer's office. Reeves said it is not her responsibility to tell the auditors what areas to look at. She said they never looked at the cash drawers, or where the keys are kept for the cash drawers, petty cash drawers, and didn't ask about the processes and checks and balances that are in place for sending out money to the communities

that we contract with. Spaeth said there were meetings held to develop the scope of this audit and Reeves was part of that meeting. Reeves said she was asked to contribute to the scope of the audit; however, she didn't think it was appropriate for her to suggest what should be looked at in her office.

Reeves said the finding on the petty cash drawer was inaccurate because they verify the petty cash drawer several times per month and a log is kept. When the finding came out about the petty cash drawer, they told the auditors they have a log and this finding was not removed from the report.

Regarding email confirmation to accounting after the check run, if accounting does not receive a confirmation email, accounting does not close out the check runs. Baker Tilly asked for proof of the emails and Reeves was not able to provide them because she did not keep them. Reeves said she will keep all of those emails in the future; however, they are kept in the County Clerk's office.

Nelson asked if there is a position in the department that could be designated as a third person to back up the Treasurer and Deputy Treasurer on banking-related responsibilities. Reeves said there would have to be an upgrade to the fiscal specialist position. Currently, the person in this position makes accounts payable requests and if she gets involved in the check printing process or with the banking responsibilities, there would be an overlap of duties that creates a conflict of interest. Nelson asked if it would be worth having a discussion with administration and/or HR to upgrade that position. Reeves said they would have to upgrade the other two positions as well so that they can take on duties of the backup. Nelson asked if only the Treasurer and Deputy Treasurer having all of the banking-related authority is the best system or should there be some discussion about making a third person have some of that responsibility. Reeves said that it would have to be a discussion with accounting. Nelson said maybe it's worth having that discussion in the next year to have a recommendation since we know there is going to be a change in staff in 2025. Reeves said the real concern is that she and Schultz have worked like this for a long time and it has worked. They used to have only Bob Ries as an administrator and later Igielski as a fourth administrator and it works. When she leaves and the person who replaces her is maybe not a hands-on person that comes into the office every day, there will be a problem. Nelson said it would be an important part of her legacy to have these discussions next year in time for the budget process.

In answering LaFontain's questions, Reeves said stop payments are put on the bank site from the banking portal, so there is the issue of access rights.

Decker said he would appreciate the department's help and expertise in future audits to develop the scope. Heinrich said the auditing firm should be developing the scope and it is in the best interests of the county that the department being audited not assist with the scope of the audit. Heinrich said he sees this audit as being a positive experience because there were some weaknesses that were identified, but they have been addressed and changes have been implemented.

Igielski said it would have been beneficial if this audit was conducted during a time when all of the staff had the ability to participate in the entire audit process because the big picture would have been available.

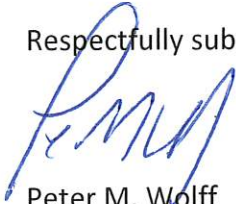
Discuss and Consider the Following Appointments:

178-A-046 Jeremy Johns Appointment of Waukesha County Representative as the Veterans' Services Officer

MOTION: Nelson moved, second by Wolff to approve the appointment of Jeremy Johns as Veterans' Services Officer. Motion carried 6-0

MOTION: Wolff moved, second by LaFontain to adjourn at 10:09 a.m. Motion carried 6-0

Respectfully submitted,



Peter M. Wolff
Secretary – Executive Committee