

AGENDA

Eau Claire County
Committee on Finance and Budget
Tuesday, January 19, 2016 / 6 pm

721 Oxford Avenue
Eau Claire County Courthouse – Room 1301
Eau Claire, WI 54703

1. Call Meeting to Order
2. Lake Altoona Dam Repairs / Discussion – Action
3. Proposed Resolution / “Supporting the Strengthening of Internal Controls and Allocating \$50,000 of Contingency” / Discussion - Action (pg. 2-3)
4. Future Agenda Items / Set Next Meeting
5. Adjourn

Post: January 12, 2016

Copy: media, Committee members, Kathryn Schauf, Scott Rasmussen

PLEASE NOTE: Upon reasonable notice, efforts will be made to accommodate the needs of individuals with disabilities through sign language, interpreters or other auxiliary aids. For additional information or to request the service, contact the County ADA Coordinator at 839-4710, (FAX) 839-1669 or 839-4735, tty: use Relay (711) or by writing to the ADA Coordinator, Human Resources, Eau Claire County Courthouse, 721 Oxford Avenue, Eau Claire, WI 54703.

**FACT SHEET
TO FILE NO. 15-16/116**

The details of the engagement with Clifton Larson Allen include, but are not limited to the following assessment:

Comprehensive Review of Current State Receipting Processes and Procedures:

- a. Conduct a comprehensive operational review of your current state processes and procedures associated with receipting at collection sites to be defined by the County.
- b. Meet with the County's accounting staff and other key individuals involved in the processes to discuss, review and obtain more comprehensive current state information on the County's processes and procedures.
- c. Document the County's adopted current state receipting processes and procedures. Identify and document any differences between adopted and actual processes and procedures being followed by County staff.
- d. Identify key checks and balances, identify current key internal controls and identify key internal control strengths and weaknesses in current processes.
- e. Prepare a report that will document all findings, recommendations for process improvements, and key internal control gaps and weaknesses.
- f. Review and discuss all findings and recommendations for process improvements and key internal control gaps and weaknesses with management.

The methodology employed allows for the county to begin with a narrow construct and expand as needed to address internal controls in other key areas. The consultant will also provide guidance on options for long term management of a strong internal control function.

Internal Controls are to be an integral part of any organization's financial and business policies and procedures. Internal controls consists of all the measures taken by the organization for the purpose of; (1) protecting its resources against waste, fraud, and inefficiency; (2) ensuring accuracy and reliability in accounting and operating data; (3) securing compliance with the policies of the organization; and (4) evaluating the level of performance in all organizational units of the organization. Internal controls are simply good business practices.

Everyone within the County has a role in internal controls. The roles vary depending upon the level of responsibility and the nature of involvement by the individual. The Board of Supervisors, together with Administration, establish the presence of integrity, ethics, competence and a positive control environment. The department heads have oversight responsibility for internal controls within their units. Managers and supervisory personnel are responsible for executing control policies and procedures at the detail level within their specific unit. Each individual within a unit is to be cognizant of proper internal control procedures associated with their specific job responsibilities.

The Internal Audit role is to examine the adequacy and effectiveness of the County internal controls and make recommendations where control improvements are needed. This can be accomplished in multiple ways, through the use of consulting services or the creation of a position within County government. It is important that this activity remain independent and objective, *the consultant or employee that conducts the internal audit does not have the primary responsibility for establishing or maintaining internal controls*. However, the effectiveness of the internal controls are enhanced through the reviews performed and recommendations made by Internal Auditing.

Fiscal note: The initial engagement with CLA is \$6,700. The additional \$50,000 in funding will only be utilized after the initial assessment as needed. A 2/3 vote of the Board is required for passage.

Respectfully Submitted,

Kathryn Schauf
Administrator

1 Enrolled No.

2 RESOLUTION

3 File No. 15-16/116

4 - SUPPORTING THE STRENGTHENING OF INTERNAL CONTROLS AND ALLOCATING
5 \$50,000 OF CONTINGENCY -

6 WHEREAS, the County has hired Clifton Larson Allen (CLA) to provide a detailed analysis
7 of cash handling procedures, and make recommendations for additional internal control activities;
8 and

9
10 WHEREAS, the Board of Supervisors wishes to emphasize that it will continue to work
11 with staff to establish the presence of integrity, ethics, competence and a positive control
12 environment; assuring the public that every effort is being taken to strengthen and enhance processes
13 and procedures; and

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15 WHEREAS, effective controls provide reasonable assurance regarding the accomplishment
16 of established objectives.

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18 NOW THEREFORE BE IT RESOLVED that the Eau Claire County Board of Supervisors
19 supports the retention of a consulting firm to review the internal control policies and procedures in
20 areas where significant cash receipting occurs.

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22 BE IT FURTHER RESOLVED that the Board is also supportive of recommendations for
23 process changes that may include an additional investment in order to build an effective internal
24 control system based on the five components (ensuring they are present and functioning) - Control
25 Environment, Risk Assessment, Control Activities, Information and Communication, and
26 Monitoring.

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28 BE IT FURTHER RESOLVED that a detailed oral and written report will be provided by the
29 Consultant to the Eau Claire County Board.

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31 BE IT FURTHER RESOLVED that \$50,000 of contingency funds are being set aside for the
32 purpose of evaluating, enhancing and monitoring the County's internal controls.

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46 Committee on Administration

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46 Committee on Finance & Budget

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49 Dated this _____ day of _____, 2015.