

Citizens for Education in Town Governance

Audits of Town Finances

July 31, 2023

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AUDITS of TOWN FINANCES

INTRODUCTION

At the town board meeting on February 15, 2023, town officials acknowledged receiving an audit report for the 2021 records ([Click here for documents for the 2021 audit](#)). The board also authorized an audit of the 2022 records ([Agenda](#), [Audio](#), [Minutes](#)).

Subsequently, *Citizens for Education in Town Governance* (CETG) reviewed the 2021 audit and then [asked the town clerk to meet](#) to discuss several questions about the audit. Rather than meeting, the town clerk asked that the questions be submitted in writing. As advised, CETG submitted [written questions](#) (April 7, 2023) to the town clerk. Soon, the clerk indicated she could not answer the questions and would [forward them to the auditor](#).

Reports provided at town board meetings on June 7, 2023 ([Agenda](#), [Audio](#), [Minutes](#)), and July 26, 2023 ([Agenda](#), [Audio](#), [Minutes](#)), indicate that the town has yet to receive a response from the auditor.

BACKGROUND

According to the Wisconsin Towns Association, a town board has the discretion to "require a financial audit of any town officer, department, board, commission, function or activity financed in whole or part by town funds." (*Wisconsin Town Officers' Handbook*, 2017 edition, page 17-2)

Until 2017, the Lac du Flambeau Town Board had traditionally not budgeted funds for conducting audits. That changed, however, at the Annual Town Meeting in 2017, when electors approved advisory motions to conduct an audit of the town's financial records for 2017. In subsequent years, the town board approved conducting audits of 2021 and 2022 records.

The following chronologies track activity for all three audits.

CHRONOLOGY 2022 Audit

February 15, 2023. At the town board meeting on February 15, 2023, town officials authorized an audit of the 2022 records ([Agenda](#), [Audio](#), [Minutes](#)).

CHRONOLOGY 2021 Audit

October 20, 2021. On October 20, 2021, town officials decided to audit the 2021 financial records in 2022, followed by additional audits every three years, including an audit of the 2024 records in 2025. New software was to be implemented in 2022, so the audit schedule was intended to enable a pre and post analysis of the new software ([Agenda](#), [Audio](#), [Minutes](#)).

December 1, 2021. On December 1, 2021, town officials approved an [audit proposal](#) submitted by [Kerber Rose](#) to audit the town's financial records for the year ending December 31, 2021 ([Agenda](#), [Audio](#), [Minutes](#)).

February 15, 2023. At the town board meeting on February 15, 2023 ([Agenda](#), [Audio](#), [Minutes](#)), town officials acknowledged receiving the completed audit for the 2021 records and authorized an audit of the 2022 records.

April 7, 2023. Subsequently, *Citizens for Education in Town Governance* (CETG) reviewed the 2021 audit and then [asked the town clerk to meet](#) to discuss several questions about the audit. Rather than meeting, the town clerk asked that the questions be submitted in writing. As advised, CETG submitted [written questions](#) (April 7, 2023) to the town clerk. Soon, the clerk indicated she could not answer the questions and would [forward them to the auditor](#).

June 7, 2023. At the town board meeting on June 7, 2023, the clerk reported that she had yet to receive a response from the auditor ([Agenda](#), [Audio](#), [Minutes Pending](#)).

CHRONOLOGY 2017 Audit

April 18, 2017. At the Annual Town Meeting on April 18, 2017, electors approved advisory motions to conduct an audit of the town's financial records for 2017, and to conduct additional audits every five years thereafter ([Agenda](#), [Audio Recording](#), [Minutes](#)). The minutes for the meeting include the following statement, italics added:

Motion by Jim Sommerfeldt seconded by Ralph Kerler to have a financial audit done. Discussion: The cost of an audit is approximately \$10,000. If an audit is done is it for the latest year or does it include previous years? Mention was made that audits are required to get grants. If this audit is done it would be budgeted for in next year's budget with the audit to take place in 2018. Motion was made and seconded. Motion carried by majority with one no vote. This is an advisory vote to the board.

May 18, 2017. Town Supervisor, Bob Hanson, submitted an "[Open letter to Town Chair Gaulke](#)" (May 18, 2017) asking in part that the issue of conducting an audit be "added to the agenda of a regular meeting in the near future."

June 7, 2017. The Town Board discussed having an audit at its regular town board meeting on June 7, 2017. Minutes of the meeting include the following statement. Italics added. ([Agenda](#), [Audio Recording](#), [Minutes](#))

At the annual meeting it was an advisory request from the electors to have an audit of the town's financial books. Mr. Gaulke and supervisors are not opposed to having an audit done. An audit costs approximately \$10,000, but it is an expense that would have to go into the 2018 budget. Mr. Hanson made a motion to have an audit in 2018 and done bi-annually. Mr. Mayer and Mr. Gaulke declined to second the motion. Motion by Mr. Mayer to have an audit done in 2018 and after that is completed we can determine with the advice of the auditor and results of the audit how often this should be done. Motion seconded by Mr. Gaulke. Mr. Hanson opposed. Motion carried.

November 16, 2017. The Town Board approved a budget for 2018 that includes \$10,000 for conducting an audit ([Agenda](#), [Audio Recording](#), Minutes - request for draft minutes denied by Town Clerk).

December 6, 2017. On December 6, 2017, the Town Board authorized soliciting bids for an audit to be conducted in 2018 ([Agenda](#), [Audio Recording](#), [Minutes](#)). Minutes of the December 6, 2017 meeting include the following statement, italics added.

Motion by Mr. Hanson seconded by Mr. Mayer to solicit bids for a town financial audit. Motion carried.

January 24, 2018. At its regular meeting on January 24, 2018, the Town Board opened bids submitted by [Peterson Metz, Ltd.](#) and [WIPFLI](#). ([Agenda](#), [Audio Recording](#), [Minutes](#)). The bid documents are available for inspection at the town hall. Peterson Metz will conduct the audit for \$6500-\$7000. WIPFLI will conduct the audit for \$5000. The Town Board will discuss the issue further at a future Town Board meeting. The minutes of the meeting include the following statement, italics added.

Two Financial Audit bids were received. One bid from Peterson Metz Ltd. from Minocqua in the amount of \$6500.00-\$7000.00. The other bid was received from WIPFLI out of Rhinelander in the amount of \$5000.00. Mr. Gaulke recommended that along with the clerk they will go over the two bids to see that what they are providing in comparable. This item will be tabled until the two bids are reviewed and put on the next agenda.

February 7, 2018. On February 7, 2018, the Town Board approved the bid submitted by [WIPFLI](#) ([Agenda](#), [Audio Recording](#), [Minutes](#)). The minutes of the meeting include the following statement, italics added.

Mr. Gaulke stated that he and the clerk reviewed the two audit bids received and they seemed comparable. Both bids also included form CT. The bid from Peterson Metz came in at a bid not to exceed \$7000.00 and the bid from WIPFLI came in at \$5000.00. Motion by Mr. Hanson seconded by Mr. Mayer to accept the bid from WIPFLI. Motion carried.

November 20, 2018. In responding to a question about the audit at the town's budget hearing for the 2019 budget on November 20, 2018, town officials revealed that the audit has been completed, but the town has yet to receive the results. ([Agenda](#), [Audio Recording](#), [Minutes](#)).

April 16, 2019. In responding to a question asked at the Annual Town Meeting held on April 16, 2019, the town chair stated that the audit has been completed, but the town had yet to receive it due to software issues ([Agenda](#), [Audio](#) minute 23:33, [Minutes](#)).

September 25, 2019. At the regular town board meeting on September 25, 2019, the Town Board expressed strong dissatisfaction with WIPFLI for not yet completing the audit, and the Board considered options ([Agenda](#), [Audio](#), [Minutes](#)). The minutes of the meeting include the following statement, italics added.

Gloria Cobb is questioning the results of the 2017 audit. Mr. Gaulke stated that there has been a lot of communication between the audit company WIPFLI and auditor Becky with the town. The latest conversation with Becky was that a draft would be here for this meeting. I do not have this document as of the meeting time. It is suggested that this be put on a future agenda for discussion and possible action. This will be put on the next agenda.

October 2, 2019. At the regular town board meeting on October 2, 2019, the town chair reported the town received a “preliminary audit” via email after the town board meeting on September 25 had ended. He questioned when the final audit will be received and whether a representative of WIPFLI should attend the town board meeting when the final audit is reviewed. During discussion, supervisor Mayer stated that it is “important for the electorate to ask questions...”. The board stated that because the report was preliminary, it would not be available to the public. Following discussion, the board approved a motion to ascertain from WIPFLI when the final audit will be delivered and to arrange the attendance of a representative at a board meeting ([Agenda](#), [Audio](#), [Minutes](#)). The minutes of the meeting include the following statement, italics added.

Mr. Gaulke stated supervisor Cobb asked this item be placed on today's agendas. We did receive the preliminary audit on 9/25/2019 but have not had a chance to look it over yet. Mr. Gaulke would like to ask WIPFLI when the final audit will be ready and if someone from WIPFLI could be present to explain it to the board and the electors and give us any recommendations. Motion by Mr. Mayer seconded by Mr. Gaulke to contact WIPFLI and get a date for the final audit and have a representative explain the audit to the board and electors. Motion carried.

October 2-7, 2019. Per the Public Records Act, the town clerk received a request on October 2, 2019 to make the “Preliminary Audit” available for inspection. The town clerk denied the request later in the day, stating, “As for the Preliminary Audit it is a draft and drafts. Are not part of the allowable in open records request.” Later the same day, the town clerk received an email asking for the specific statute on which she based her denial. On October 3, 2019, the town clerk said she was going to check with the attorney on the audit and on October 7, 2019, the town clerk issued an email stating, “19.32(2) audit prepared for the Town Board to review and approve for a final draft.” ([Series of emails](#))

November 6, 2019. A representative from WIPFLi presented the [Audit Report](#) to the Town Board at the regular town board meeting on November 6, 2019 ([Agenda](#), [Audio](#), [Minutes](#)). The town chair stated the town board would discuss the audit further at a future board meeting and that questions about the audit should be submitted to the town clerk in writing. Minutes of the November 6, 2019 meeting include the following statement, italics added.

Becky Denzine manager from WIPFLI Rhinelander branch was at the meeting today to present to the board the final results of the 2017 audit. Becky explained that the audit showed what the call a clean opinion that showed no issues of anything that would materially miss-state the financial statement. Becky explained that the towns accounts payable system is outdated which made it harder to reconcile the accounts payable side with the treasurer's side. She suggested that the town u-grade the accounts payable system which they would help with suggestions and training of a new system . They would also give the treasurer some help in reconciling to an easier spread sheet that would be beneficial to the auditors. Mr. Mayer asked what their recommendation would be on another audit. Becky stated it is not really required because the town has a separate town clerk and treasurer. It is really up to the board when they would like another audit. If there is a change in the clerk or treasurer positions or a lot of activity for a certain year maybe an audit would be beneficial.

November 25, 2019. A law firm ([The Wisconsin Transparency Project](#)) representing *Citizens for Education in Town Governance* submitted a [letter](#) (dated November 25, 2019) to the town clerk highlighting the town's failure to "fully comply with its responsibilities under the Open Records Law." The town's attorney, Gregory Harrold, responded in a [letter dated December 4, 2019](#). As a result, the [Preliminary Audit](#) was made available for inspection on December 11, 2019.

February 3, 2020. On February 3, 2020, *Citizens for Education in Town Governance* submitted a [letter](#) to the Town Board asking several questions about the audit ([Agenda](#), [Audio](#), [Minutes](#)). The Town Board did not respond to the letter and questions.

June 16, 2020. Given the board's lack of response, *Citizens for Education in Town Governance* submitted a second [letter](#) (June 16, 2020) to the Town Board expressing concern that the board had yet to discuss the results of the audit completed in November 2019. Moreover, the letter included an additional question related to the audit: at the May 6, 2020 Town Board meeting, the Board authorized paying \$210,089.90 to account for long-term, unpaid [Prior Service Liability](#). Why did the audit not identify this deficiency? ([Agenda](#), [Audio](#), [Minutes](#))

The Town Board did not respond to the second letter.

November 19, 2020. During the town's Budget Hearing on November 19, 2020, town officials were asked why the Town Board had yet to respond to electors' letters and questions about an audit of 2017 financial records that was initially authorized by the Town Board on February 7, 2018. Chair Gaulke and Clerk Edwards responded that the letters had been referred to the auditor, and the auditor was evidently unresponsive. Town officials said they would follow-up with the auditor ([Agenda](#), [Audio](#)).

February 19, 2021. The February 19, 2021 issue of the “Lakeland Times” includes a [Letter to the Editor](#) submitted by Citizens for Education in Town Governance which asks why town officials have yet to respond to questions about an audit of the town’s 2017 financial records.

April 20, 2021. During the Annual Meeting, the [town clerk read a statement](#) regarding the audit which, in part, states “It is true WIPFLI also responded that a lot of the questions were for the Board to answer” ([Audio](#), [Minutes](#)). The following statement is from the minutes of the Annual Meeting held on April 20, 2021.

in the cloud program. The board will have to decide which way they want to proceed with. Mr. Wetzel asked for an update on the 2017 audit questions. The clerk read a brief description on what Mr. Wetzel was referring to, explained that the auditors stated it was a clean audit. The clerk suggested that Mr. Wetzel get together with Supervisor Hanson to go over the questions and pinpoint exactly what Mr. Wetzel and Citizens for Education were looking for and perhaps they can come up with answers or suggestions or we can call in the auditor for additional costs to advise the board. Mr. Wetzel commented on when will we start our next audit.
Mr. Zimmerman made a motion to direct the Town Board to take out a loan in

August 4, 2021. Months later the questions remained unanswered. At the town board meeting on August 4, 2021, Norm Wetzel (CETG) stated that he would like to address the town board regarding the audit report. In response, the town chair directed him to submit the request in writing to the town clerk. ([Agenda](#), [Audio](#), [Minutes](#))

August 5, 2021. He submitted a [written request](#) to the town clerk on August 5, 2021. A week or so later, the town clerk said the town chair would place the item on an upcoming agenda. A week or so after that the town clerk said the item would not be on an agenda until an auditor could be consulted.

September 15, 2021. In the meantime, Town supervisor, Bob Hanson, had also asked the town chair on at least two occasions to have the audit report discussed at a town board meeting. Neither request was honored. At the town board meeting on September 15, 2021 ([Agenda](#), [Audio](#), [Minutes](#)), Supervisor Hanson relied on a seldom used parliamentary procedure to have discussion of the audit placed on the agenda for the town board meeting set for October 6, 2021. [See Lakeland Times, September 21, 2021, “LdF supervisor succeeds in getting town’s 2017 audit on an agenda”]

October 6, 2021. On October 6, 2021, town officials responded to questions ([letter](#)) about the [Audit Report](#) submitted to the town board on November 6, 2019 for the town’s 2017 financial records ([Agenda](#), [Audio](#), [Minutes](#)).

October 20, 2021. On October 20, 2021, town officials decided to audit the 2021 financial records in 2022, followed by additional audits every three years, including an audit of the 2024 records in 2025. New software will be implemented in 2022, so the audit schedule will enable a pre and post analysis of the new software. ([Agenda](#), [Audio](#), [Minutes](#))

ADDITIONAL INFORMATION

Local Government Center. The website for the [University of Wisconsin Extension Local Government Center](#) includes a [power-point presentation on audits](#).