Performance Audit of

IEMA-OHS's Administration of Contracts and Staffing

Background:

Legislative Audit Commission Resolution Number 167, adopted May 20, 2024, directed the Auditor General to conduct a performance audit of the Illinois Emergency Management Agency-Office of Homeland Security's (IEMA-OHS) administration of contracts and staffing. Specifically, the audit directed us to examine: IEMA-OHS's contracting and monitoring processes; the organizational structure relative to funded, unfunded, and vacant positions; and the amount of overtime incurred for the IEMA-OHS billable-hour contractors.

IEMA-OHS identified 28 billable-hour contracts with 12 vendors during the audit period of FY22-FY23.

Key Findings:

Examination of Billable-Hour Contracts

- IEMA-OHS utilized contractors for mitigation, preparedness, response, and recovery during the COVID-19 pandemic. IEMA-OHS indicated it paid a premium for contractual staff due to being procured during the pandemic when there was an overwhelming demand and a limited supply of qualified people; however, IEMA-OHS could not provide documentation to support that it conducted an analysis to determine the appropriate number of contractor staff it needed.

- IEMA-OHS utilized, for one billable-hour contractor, a process where contractual staff would be paid for time not worked, known as 'standdown' or 'standby.' For the audit period FY22-FY23, overall, the contractor billed IEMA-OHS $220.3 million of which $78.5 million, or 36 percent, was billed time spent on standdown. The number of standdown hours totaled 469,892.

- IEMA-OHS failed to enforce a contractual provision for a billable-hour contract relating to notifications when contractual staff were idle and not assigned to a mission. This resulted in contractual staff being paid for idle time.

- IEMA-OHS lacked sufficient resources and procedures to review billable-hour invoices for accuracy. IEMA-OHS utilized two billable-hour contractors to review the invoices to ensure the State was being properly billed. The initial contractor providing invoice review had its own deficiencies in billings submitted. IEMA-OHS contracted with a second outside firm (at a cost of $1.25 million) for review of the billable-hour invoices.

- IEMA-OHS failed to ensure vendors provided adequate support for invoice billings prior to approving payment for those invoices. The invoices IEMA-OHS approved for payment lacked standardized timesheets and lacked sufficient work descriptions.

- IEMA-OHS paid a billable-hour contractor an all-inclusive hourly rate which included housing, meals, travel, benefits, and other costs. Auditors estimate that IEMA-OHS paid one billable-hour contractor $1,447,425 for housing of contractual staff on days when the contractual staff were housed in personal residences instead of hotels.

IEMA-OHS Organizational Structure

- As of June 1, 2023, IEMA-OHS had 285 positions listed in its organizational chart. Of these 285 positions, 192 were filled, 54 were vacant, and 39 were unfunded. IEMA-OHS had a higher number of positions in FY22 (297) than FY23 (285). Additionally, there were 10 additional vacancies within IEMA-OHS in FY23 compared to FY22.

- IEMA-OHS indicated it took as long as 1.5 to 2 years to hire a new position. Accordingly, some positions remained vacant even though the headcount was allocated and funding was available.

- Billable-hour contracts at IEMA-OHS were utilized to assist the agency with needed resources with differing missions, such as with the COVID-19 pandemic.

- IEMA-OHS had multiple agency officials involved with billable-hour contractors, mainly upper-level officials. Documentation showed that as of May 2026 IEMA-OHS had identified 27 staff involved with billable-hour contracts in varying roles, for example contract oversight or legal assistance. Sixteen of those staff have left the agency.
- IEMA-OHS utilized an individual provided by a billable-hour contractor to fill in for the Executive Assistant to the Director while that agency employee was on leave. The contractor was paid $435,000 for the period November 2022 through October 2023 for this individual.
- IEMA-OHS utilized billable-hour contractor staff to perform tasks normally reserved for regular State of Illinois employees. The usage of contractor staff on 'COVID Nexus' work ranged from a Document Planning position billed by the vendor at a total of $5,700 (9.7 months worked) to a COVID Invoice Evaluation position billed by the vendor at a total of $747,598 (18 months worked). Overall, IEMA-OHS was billed more than $100,000 for 55 of 66 positions (83 percent) of the COVID Nexus positions.

Billable-Hour Contract Overtime

- Thirty-two percent (9 of 28) of the IEMA-OHS billable-hour contracts from FY22 and FY23 allowed contractors to bill IEMA-OHS a higher rate for overtime. Overtime rates in the nine contracts ranged from 1.15 to 2.00 times the standard contract rate. IEMA-OHS indicated it paid a premium for contractual staff due to being procured during the pandemic when there was overwhelming demand and limited supply of qualified people.
- IEMA-OHS did not utilize an approval process for all overtime worked by its billable-hour contractors during FY22-FY23. One billable-hour vendor that was authorized to charge overtime, billed $88.4 million in overtime to IEMA-OHS during FY22-FY23. Another vendor, that was not authorized to charge extra for overtime, billed 644,653 hours beyond the established minimum 40- or 60-hour work-week requirements.
- During the audit, IEMA-OHS reported no instances of overpayments to one billable-hour contractor. However, for another billable-hour contractor, IEMA-OHS did identify $1.5 million that was processed as credits in the contractor billings.

Key Recommendations:

The audit report contains 10 recommendations directed to IEMA-OHS including:

- IEMA-OHS should, in terms of contractual relationships where staff are provided, conduct and document an analysis of the demand for those contractor staff. Additionally, if contractor staff are not needed, IEMA-OHS should consider developing contractual criteria that either lowers rates paid or limits paying for time not worked.
- IEMA-OHS should enforce contract provisions related to billable-hour contracts and document how compliance with the provisions was accomplished. Additionally, IEMA-OHS should maintain documentation to support how many contractual staff are needed to best utilize available funding.
- IEMA-OHS should ensure vendors provide adequate timesheet documentation for billable-hour contracts including detailed descriptions of work completed and contractor signatures, or other documented mechanisms, for certifying the accuracy of their timesheets.
- IEMA-OHS should devote sufficient resources to the review of billable-hour contractors, prior to making payments to vendors, to ensure that taxpayer funds are protected from loss. Additionally, IEMA-OHS should require all billable-hour contractors to maintain signatures, or other documented mechanisms, on time reports for time billed to the State of Illinois for certifying the accuracy of the time reports. Finally, IEMA-OHS should have policies and procedures in place for invoice review prior to commencing work with the contractors.
- IEMA-OHS should develop procedures on when to utilize billable-hour contractors in lieu of regular State employees to perform work. The procedures should address the negotiation of rates and take into consideration rates paid to regular State employees for the same work.
- IEMA-OHS should implement and enforce an approval process for time worked by billable-hour contractors exceeding an appropriate number of hours.

This performance audit was conducted by the staff of the Office of the Auditor General.

Report Digest

On May 20, 2024, the Legislative Audit Commission (LAC) adopted Resolution Number 167 directing the Auditor General to conduct a performance audit of the Illinois Emergency Management-Office of Homeland Security's (IEMA-OHS) administration of contracts and staffing. The Resolution contained several issues to examine. Our assessment of these issues is shown in Digest Exhibit 1. (page 1)

Digest Exhibit 1
ASSESSMENT OF AUDIT DETERMINATIONS

Audit Determinations	Auditor Assessment
An examination of contracts, specifically contracts that include billable-hours, to determine: the purpose of the contracts, the extent contracts were monitored, whether billings were adequately supported, and whether all deliverables were met.	• IEMA-OHS identified 28 billable-hour contracts with 12 vendors during the audit period of FY22-FY23. • Auditors found IEMA-OHS failed to ensure vendors provided sufficient work descriptions and timesheets for invoice billings prior to approval. • Auditors found, for FY22-FY23, IEMA-OHS was billed $220.3 million by one billable-hour contractor that included $78.5 million, or 36 percent of total billed, for contractors that were on standdown and not working. • Auditors estimate that IEMA-OHS paid one billable-hour contractor $1,447,425 for housing of contractual staff when the contractual staff were housed in personal residences instead of hotels. • Auditors found IEMA-OHS could not provide sufficient documentation to support the completion of 18 percent (5 of 28) of the tested deliverables. (pages 3-41)
An examination of the organizational structure at IEMA-OHS to determine the number of unfunded positions, the number of funded positions, the number of vacant positions, and whether any IEMA-OHS officials/employees had involvement with outside contractors.	• As of June 1, 2023, IEMA-OHS had 285 positions listed in their organizational chart. Of these 285 positions, 192 were filled, 54 were vacant, and 39 were unfunded. • Auditors found a billable-hour contractual employee worked as an Executive Assistant to the Director of IEMA-OHS and was billed at a total of $435,000 for the period November 2022-October 2023. • Auditors found that IEMA-OHS utilized billable-hour contractual staff to perform jobs normally reserved for regular State of Illinois employees. Billings for these 66 individuals ranged from $5,700 (for 9.7 months worked) to $747,598 (for 18 months worked). (pages 42-55)

Determine the amount of overtime incurred including an analysis of the types of positions incurring overtime, the approval process for the overtime payment requests, and, if any overpayments have been processed, whether IEMA-OHS has collected the overpayments.	• Auditors found IEMA-OHS failed to develop an overtime approval process for time worked by billable-hour contractors. • IEMA-OHS paid one billable-hour contractor $88.4 million in overtime billings for positions including nurses, administrative assistants, and safety officers. • During FY22-FY23, for one billable-hour contract, IEMA-OHS was billed for 644,653 hours beyond the 40- or 60-hour weekly minimums. While this vendor was not authorized to charge overtime, there was no process whereby IEMA-OHS approved the overtime hours. • IEMA-OHS identified 20 instances where credits had to be processed due to incorrect billings and billings at higher rates that were not approved. (pages 56-67)

Source: OAG assessment of the audit determinations contained in LAC Resolution Number 167.

Organizational Structure

As of June 1, 2023, IEMA-OHS had 285 positions listed in their organizational chart. Of these 285 positions, 192 were filled, 54 were vacant, and 39 were unfunded. IEMA-OHS indicated it took as long as 1.5 to 2 years to hire a new position. Accordingly, some positions remained vacant even though the headcount was allocated and funding was available. Exhibit 16 in this report provides the organizational chart for IEMA-OHS at June 1, 2023, and reports the total number of positions, vacancies, and unfunded positions in each functional area. (pages 43-45)

IEMA-OHS utilized contractors for mitigation, preparedness, response, and recovery during the pandemic. IEMA-OHS indicated it paid a premium for contractual staff due to being procured during the pandemic when there was an overwhelming demand and a limited supply of qualified people. (pages 45-46)

Billable-Hour Contracts

Billable-hour contracts at IEMA-OHS were utilized to assist the agency with needed resources with differing missions, such as with the COVID-19 pandemic. IEMA-OHS identified 28 billable-hour contracts with 12 vendors during the audit period of FY22-FY23. Exhibit 1 and Appendix C in this report contain details on the 28 contracts.

Invoice Testing Results

During the audit we tested the billing invoices for 15 contractual staff for accuracy. IEMA-OHS utilized, for a master contract with billable-hour vendor Favorite Healthcare Staffing (Favorite), a process where contractual staff would be paid for time not worked, known as 'standdown' or 'standby.' Standdown, or standby, is explained as when temporary staffing personnel (TSP) are present and available for work but are otherwise prevented from doing so through means outside their control. Thirteen of the 15 individuals were Favorite; the other two were Innovative Emergency Management (IEM), which did not have standdown time. As part of that testing, we summarized the days paid and whether the individual worked or was on standdown. Our invoice testing for the 13 that could utilize standdown time showed:

- On average, the 13 sampled contractual staff spent 43 percent of the billed days on standdown.
- Three of the 13 spent zero days on standdown, and 1 contractual staff spent 4 percent of their days on standdown. The remaining 9 contractual staff spent between 40 and 76 percent of their days on standdown.
- One contractual staff member was billed to IEMA-OHS a total of $244,793 but was on standdown 76 percent of those billings' days.
- Another contractual staff member was billed to IEMA-OHS a total of $395,321 but was on standdown 70 percent of those billings' days.

A summary of the 13 cases can be found in Exhibit 2 in this report, and a detailed analysis for the 13 cases is presented in Appendix F of this report.

According to IEMA-OHS, IEMA-OHS could not provide documentation to support that it conducted an analysis to determine the appropriate number of contractor staff it needed. Not having documentation to support how many contractor staff were the optimal needed may have led to having too many individuals who were not needed but were billed and paid by IEMA-OHS.

Standdown Costs

During the audit, IEMA-OHS provided billing information from Favorite, which totaled $220.3 million. We conducted an analysis to summarize the total payments made for standdown time to Favorite contract workers. For the audit period of FY22-FY23, we found Favorite billings:

- contained standdown time totaling $78.5 million or 36 percent of billed dollars;
- contained 469,892 hours of standdown time paid by IEMA-OHS;
- contained 47,940 instances of standdown billings; and
- included 270 contract staff that only billed standdown time. These 270 contract staff were billed at $7.5 million. (pages 9-10)

Failure to Enforce Contract Requirement on Idle Contractors

IEMA-OHS failed to enforce a contractual provision for a billable-hour contract relating to notifications when contractual staff were not assigned to a mission. In the FY22 and FY23 master contracts between Favorite and IEMA-OHS, under State's Responsibilities, the contracts state, "In cases where staff are left idle or days in transition due to reassignment to new work location (not including scheduled or requested time off), the State will allow Vendor to pay each TSP for a maximum of Twelve (12) hours per day. Vendor must inform the State within

24 hours if any TSP is entitled to payment but has not been assigned to clinical duties, so that any such TSP may be promptly assigned." Additionally, the contracts detail, "The State will be solely responsible for determining the needs, numbers, types of [Temporary Staffing Personnel], and locations, then communicating its needs to [Favorite], who shall comply with the terms and conditions of this contract."

We asked IEMA-OHS about notifications of idle contract workers. An IEMA-OHS official reported that the agency could not find this type of communication and could not provide documentation to show compliance with the contract provision. (pages 19-20)

Invoice Testing Results

The two billable-hour contracts we focused on in the audit, Favorite and IEM, billed IEMA-OHS $372,159,657 during FY22-FY23. We reviewed 68 Favorite and 197 IEM invoices. The 265 invoices totaled over $264 million.

Auditors found that IEMA-OHS did not ensure vendors provided adequate support for invoice billings prior to approving payment for those invoices. Additionally, IEMA-OHS did not provide vendors with standardized requirements for contractor timesheets. We noted the following billing support deficiencies:

- Both IEM and Favorite invoices submitted various timesheet templates as invoice billing support. Additionally, IEM and its subcontractors all utilized different timesheet templates.
- Some work descriptions in contractor timesheets were vague and lacking in detail to support invoice billings.
- Auditors found some billing support difficult to read or completely illegible due to poor visual quality of the document. (pages 20-28)

IEMA-OHS also lacked sufficient resources and procedures to review billable-hour invoices for accuracy. During the audit period of FY22-FY23, IEMA-OHS did not have procedures in place on how to monitor time billed to IEMA-OHS by its billable-hour contractors.

We also reviewed 265 invoices to analyze the amount of time IEMA-OHS contract monitors spent reviewing each invoice compared to the number of pages in the invoice. We were not able to determine the contract monitor's invoice review time for 202 of 265 (76%) because one or both dates needed were not available. For the remaining 63 of 265 invoices (24%) totaling $156 million for which review time could be determined, our analysis found:

- 90 percent (57 of 63) had a reasonable review time based on the number of invoice pages. These invoices totaled $95 million.
- 10 percent (6 of 63) had an unreasonably fast review time based on the number of invoice pages. These invoices totaled nearly $61 million. For example, 1 of the 6 invoices auditors reviewed contained 867 pages, included

148,761 hours, and cost $20 million. The invoice was reviewed in 6 hours and 13 minutes. The invoice included over 700 pages of time reports, which did not indicate the work performed for the hours billed. There were also potential billing issues including 6 instances in which more than 24 hours was billed for one day.

Contractors Review of Invoices

IEMA-OHS utilized two contractors to review contractor invoices to ensure the State was being properly billed. The initial contractor providing invoice review (Innovative Emergency Management) was paid a premium rate and had its own deficiencies in billings submitted. IEMA-OHS contracted, at a cost of $1.25 million, with a second outside firm (Crowe) for review of the billable-hour invoices.

Innovative Emergency Management Invoice Review

IEMA-OHS utilized billable-hour contract staff to perform reviews of invoices IEMA-OHS could not review. IEM's review of the **Favorite** invoices identified the following issues:

- duplicate billings;
- overtime rate billings prior to the employee working 40 hours;
- overtime rate billings when the employee had been quarantined and not working;
- incorrect rates based on the employee's class; and
- billings exceeding the maximum allowable number of 'standby' hours per day.

IEMA-OHS officials reported that the agency did not have sufficient internal staff (which would be an Accountant or Advanced Accountant) to review the Favorite invoices, so it assigned IEM staff for those actions. For instance, for the period July 29, 2023, to August 25, 2023, IEM billed IEMA-OHS for activities for the month including:

- 197 hours for an individual at a rate of $185.49/hour for a total of $36,542 to do work described as finance-invoice/backup review and processing; and
- 200 hours for another individual at the same rate for a total of $37,098 to do invoice review.

Crowe Invoice Review

On February 8, 2023, IEMA-OHS entered into a second contract to review invoices. Specifically, the contract instructed Crowe to *"perform data validation procedures over electronic invoice detail file provided of vendors identified by IEMA"* and *"perform forensics testing procedures over invoices… to identify things such as duplicate billings, existence of individuals, etc."* This contract had an initial end date of December 31, 2023, but was amended to an end term of April 12, 2027.

As of May 7, 2025, the Crowe review process of **IEM** invoices was still ongoing, but Crowe's initial review of IEM invoices observed the following issues:

- missing timesheets;
- variance between the hours reported on timesheets and hours invoiced;
- duplicate timesheets used for multiple invoices;
- timesheets provided were not for the period of the invoice;
- missing support for employee expenses;
- variance between the rate charged and contractual rate; and
- expenses invoiced where the employee did not report any hours.

IEM has been working with IEMA-OHS to provide refunds, when necessary, in response to Crowe's work.

In November 2023, IEMA-OHS reported, "the agency refined and published our procedures that incorporated better standardization of documentation, as well as ensuring more consistent compliance with oversight requirements." On June 3, 2025, IEMA-OHS officials reported, "IEMA-OHS had no previously developed or implemented procedures that specified the documentation requirements (such as timesheet formats), authentication process, program oversight, and invoice reconciliation." (pages 29-35)

Utilization of All-Inclusive Rates

IEMA-OHS paid a billable-hour contractor an all-inclusive hourly rate, which included housing, meals, travel, benefits, and other costs. Even though some of the contractor staff were housed in personal residences, IEMA-OHS had to pay the full hourly rate. IEMA-OHS also reported that it had to pay a premium rate for TSPs during FY22-FY23 due to COVID-19. IEMA-OHS contracted with Favorite to provide temporary staffing for certain professions beginning on December 21, 2020.

During the audit, we reached out to Favorite to obtain information on its temporary staffing, including the housing situation for each day the individual was billed to IEMA-OHS. We analyzed the information and found:

- 4 percent (6,057 of 137,797) of the days billed in FY22 included days where the temporary staff stayed in their residence.
- 29 percent (2,214 of 7,561) of the days billed in FY23 included days where the temporary staff stayed in their residence.

Using the reported average hotel rate of $175, the contractor received $1,447,425 in all-inclusive rate payments on days the temporary staff were housed in their residence instead of a hotel. When temporary staff did not utilize housing in a hotel, Favorite would have accrued additional payments for expenses not realized.

When contractors charge an all-inclusive rate, and IEMA-OHS pays the rate for every case yet they have certain components of the rate not utilized, the contractor appears to be overpaid for those parts of the rate not utilized. Paying only for the components used could save the State money and increase a contractor's incentive to provide proper documentation. (pages 39-41)

Using Contractual Staff in Regular Agency Positions

IEMA-OHS utilized an individual billable-hour contractor, being paid at a premium rate, to fill in for the Executive Assistant to the Director while that employee was on leave. Additionally, IEMA-OHS utilized billable-hour contractor staff to perform 'COVID Nexus' tasks, which were tasks that would normally be reserved for regular State of Illinois employees.

Executive Assistant to the Director

In November 2022, a subcontractor staff for IEM started providing direct assistance to the former IEMA-OHS Director. The need for this assignment was due to a leave, from November 2022 through February 2023, for the Executive Assistant to the Director. The assignment ended on October 27, 2023, with the self-demobilization by the subcontractor individual.

Auditors asked IEMA-OHS how the agency handled previous leave situations for the Executive Assistant and if a billable-hour contractor was utilized. According to IEMA-OHS offices, during previous leave situations, the agency did not hire a contractual staffer; instead the work would either remain unperformed or a State employee with a similar title would perform the work.

Our review found:

- The billable-hour contractor, IEM, received $435,000 for the individual's work for the period worked for the Director.
- The individual was billed as a 'Planner IDPH' at a rate of $156.95 per hour.
- The contractor, IEM, billed the State for 2,770.25 hours for the individual for the period November 2022 through October 2023.
- The invoices IEMA-OHS received and paid described the work as 'Director Support (Springfield/Remote)' for the individual.

Our analysis of IEMA-OHS payment documentation to IEM for this staff to work for the former Director showed that the billable-hour subcontractor was always included on the IEM monthly invoices. However, the documentation never showed the former Director approved the time this contractor was billed for to the State of Illinois.

The Executive Assistant to the Director that had been on leave resumed working in February 2023; however, the IEM subcontractor continued to work until October 2023. IEMA-OHS reported the Executive Assistant to the Director assisted both the Director and the Chief of Staff as needed. After the subcontractor ended her employment with the Director's Office on October 23, 2023, the original State employee assumed the position full time.

IEMA-OHS reported to us that the IEM contractor "…performed and billed a tremendous number of hours providing support to IEMA-OHS during a time of complex, sustained disaster response. She had been doing this in other contracted roles prior to being tasked with work supporting the Director in November 2022 and continued to perform other duties billed as 'SEOC Support.'" The invoices we reviewed did not detail what activities the subcontractor performed.

During the audit, we requested documentation on the decision to utilize the IEM subcontractor. IEMA-OHS, while stating that the former Deputy Director assisted in identifying the contract individual as an ideal person to assist the Director, could not provide documentation to support the decision.

COVID Nexus Positions

IEMA-OHS utilized billable-hour contractor staff to perform tasks normally reserved for regular State of Illinois employees. Projects that had been delayed or stopped because of COVID-19 were referred to as 'COVID Nexus.'

We summarized the amount of money billed to IEMA-OHS for 66 positions to complete COVID Nexus work. Auditors found that COVID Nexus work ranged from a Documentation Planning position billed by the vendor at a total of $5,700 (for 9.7 months worked) to a COVID Invoice Evaluation position billed by the vendor at a total of $747,598 (for 18 months worked). Overall, IEMA-OHS was billed more than $100,000 each for 55 of 66 positions (83 percent) of the COVID Nexus positions. Exhibit 20 in this report details the individuals holding those positions, the contractor the individuals were affiliated with, the function the individual performed, the billing rate, the number of months the individual worked, and the total cost.

We asked IEMA-OHS whether it considered utilizing State employees from other agencies given the lack of its own headcount before utilizing billable-hour contract staff. IEMA-OHS responded, "The simple answer to the question is yes, the Agency did consider and did utilize State employees to fill positions during the Agency's COVID response." IEMA-OHS provided auditors with emails to support that the State Retirement Systems, Department of Transportation, and Governor's Office of Management and Budget provided a total of three individuals to IEMA-OHS. (pages 49-56)

Billable-Hour Contract Overtime

IEMA-OHS did not utilize an approval process for all overtime worked by its billable-hour contractors during FY22-FY23. During the audit period, IEMA-OHS had master contracts with two billable-hour vendors, Favorite and IEM. We utilized these two contractors to examine the overtime issue directed in Legislative Audit Commission Resolution Number 167. During the audit, we selected a judgmental sample of 15 billable-hour contract workers, which included 13 Favorite contract workers and 2 IEM contract workers.

The contract with **Favorite** required the vendor to provide temporary staffing during the COVID-19 pandemic. The contract with **IEM** initially required the vendor to assist in the coordination of mass vaccination efforts statewide. The contract was amended, effective January 1, 2023, to have IEM provide services related to migrant arrival operations based on a Gubernatorial Proclamation.

Favorite

Auditors determined, after reviewing billing information provided by IEMA-OHS, that the agency paid $88.4 million to Favorite in overtime billings during FY22-FY23, which accounted for 28 percent of the total paid to this vendor by IEMA-OHS.

We reviewed all invoices with billings for the 13 sampled Favorite employees. We found:

- 85 percent (11 of 13) of Favorite cases billed overtime rates beyond 40 hours when some or all of the 40 hours of regular time was spent on standby. There was a total of 65 of these instances.
- 62 percent (8 of the 13) of Favorite contractual employees billed overtime rates even when the contract employee was currently on standby and not working. There were a total of 78 of these instances.
- These types of billed overtime instances totaled $273,752 in paid overtime with the questioned overtime amounts per sampled employee ranging from $41 to $114,266. Two of the 13 did not have any of these overtime instances.
- Digest Exhibit 2 is an excerpt from one billing, which shows where Favorite billed IEMA-OHS for five days of a contractual employee's services. The first four days the contractual employee spent on standby and did not work. On the fifth day, the contractual employee was still on standby and not working. IEMA-OHS was billed and paid the overtime rate for the contractual employee to remain on standby on that fifth day. In total, IEMA-OHS spent $12,100 in five days, $3,300 of which was billed as overtime.

Digest Exhibit 2
EXCERPT OF CASE EXAMPLE OF BILLINGS FOR ONE CONTRACT EMPLOYEE - SAMPLE #1
December 2021 through February 2022

Invoice	Date	Hours	Rate	Billing	Description
	01/29/22	10	$220	$2,200	Stand-by: Did not work
	01/31/22	10	$220	$2,200	Stand-by: Did not work
1348063A	02/01/22	10	$220	$2,200	Stand-by: Did not work
	02/02/22	10	$220	$2,200	Stand-by: Did not work
	02/03/22	10	$330	$3,300	Stand-by: Did not work & billed overtime
Total				**$12,100**	

Note: Hours and rates were rounded to the nearest whole number.

Source: OAG developed from IEMA-OHS invoices.

Auditors interviewed IEMA-OHS contract monitors who oversaw the Favorite contracts on the process used to authorize overtime for billable-hour contractors. One monitor reported that towards the end of the contract, contractors could not earn overtime unless signed off in advance by the Director. The monitor reported that the COVID-19 response was too big to manage and that management cannot sign 300 timecards with confidence that all 300 employees showed up. Another monitor reported being unaware of any procedures for approving overtime for contractual employees.

IEM

IEM staff, based on its contract with IEMA-OHS, could not charge an overtime rate. However, while not able to charge extra for overtime, the IEM contractors had no apparent limit on the number of hours it charged IEMA-OHS. We asked IEMA-OHS if it had documentation to support an approval when an IEM employee wanted to exceed the established 40-hour or 60-hour minimum weekly hour commitment. IEMA-OHS reported, "IEMA-OHS did not have a formal, documented process that required an IEM contracted employee to request prior approval to exceed the minimum hours worked." In FY22-FY23, IEM billed IEMA-OHS for 644,653 hours beyond the established 40- and 60-hour minimum work weeks.

See Appendix D for additional information on the hours and amount billed, by individual, for IEM contractors. Appendix E provides the same information for Favorite contractors.

After the audit period, on November 27, 2023, IEMA-OHS issued a Standard Operating Procedure for Ordering from and Managing an Agency Service Contract, which stated the agency division chief or second in command would "ensure contractors do not exceed 45 hours per week unless expressly approved in writing by the IEMA-OHS Director or [Subject Matter Expert]." (pages 58-65)

Audit Recommendations

The audit report contains 10 recommendations directed to IEMA-OHS. IEMA-OHS accepted the recommendations. The complete response from IEMA-OHS is included in this report as Appendix G.

This performance audit was conducted by the staff of the Office of the Auditor General.

SIGNED ORIGINAL ON FILE

TRICIA WAGNER
Division Director

This report is transmitted in accordance with Sections 3-14 and 3-15 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

CHRISTOPHER B. MEISTER
Auditor General

CBM:TW