

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD**

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	3
Auditors' Reports	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	4
Findings and Recommendations	
Current Findings – State	7
Supplementary Information for State Compliance Purposes	
Summary	11
Fiscal Schedules and Analysis	
Schedule of Appropriations, Expenditures and Lapsed Balances	12
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	14
Schedule of Changes in State Property	15
Comparative Schedule of Cash Receipts	16
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller	16
Analysis of Significant Variations in Expenditures	17
Analysis of Significant Variations in Receipts	19
Analysis of Significant Lapse Period Spending	20
Analysis of Operations	
Agency Functions and Planning Program	21
Average Number of Employees and Board Members	22
Service Efforts and Accomplishments (Not Examined)	22

AGENCY OFFICIALS

STATE POLICE MERIT BOARD

Executive Director

Mr. James Seiber

Fiscal Officer

Ms. Melinda Gutierrez

Agency office is located at:

3180 Adloff Lane, Suite 100
Springfield, Illinois 62703



ILLINOIS STATE POLICE
Merit Board

3180 Adloff Lane, Suite 100
Springfield, Illinois 62703

Office # (217) 786-6240
Fax # (217) 786-7198

October 13, 2006

Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

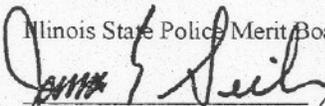
Dear Mr. Holland:

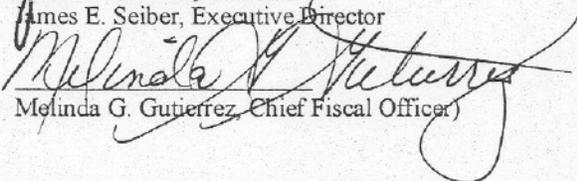
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois State Police Merit Board. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2006. Based on this evaluation, we assert that during the years ended June 30, 2006 and June 30, 2005, the Agency has materially complied with the assertions below.

- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. The money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois State Police Merit Board


James E. Seiber, Executive Director


Melinda G. Gutierrez, Chief Fiscal Officer

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

AUDITORS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	3	2
Repeated findings	2	0
Prior recommendations implemented or not repeated	0	1

Details of findings are presented in a separately tabbed report section.

SUMMARY OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (STATE COMPLIANCE)		
06-1	7	Inadequate controls over contractual service expenditures
06-2	8	Untimely Filing of Reports
06-3	10	Non-Compliance with State Officials and Employees Ethics Act

EXIT CONFERENCE

The Board declined a formal exit conference.

Responses to the recommendations were provided by Ms. Melinda Gutierrez in a letter dated November 17, 2006.

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046

FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE 5-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the Illinois State Police Merit Board's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2006. The management of the Illinois State Police Merit Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois State Police Merit Board's compliance based on our examination.

- A. The Illinois State Police Merit Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Illinois State Police Merit Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Illinois State Police Merit Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Illinois State Police Merit Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Illinois State Police Merit Board on behalf of the State or held in trust by the Illinois State Police Merit Board have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of

the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Illinois State Police Merit Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Illinois State Police Merit Board's compliance with specified requirements.

In our opinion, the Illinois State Police Merit Board complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2006. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 06-1, 06-2, and 06-3.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter.

Internal Control

The management of the Illinois State Police Merit Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Illinois State Police Merit Board's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 06-1 and 06-3.

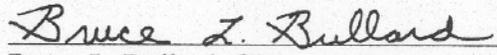
As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter.

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance

Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2005 and the 2006 Supplementary Information for State Compliance Purposes, except for Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2004 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.


Bruce L. Bullard, CPA
Director of Financial and Compliance Audits

October 13, 2006

06-1. **FINDING** (Inadequate controls over contractual service expenditures)

The State Police Merit Board (Board) did not have adequate controls over its contractual service expenditures.

The Board expended \$53,290 and \$9,192 during FY05 to two separate vendors for professional legal services without a contractual agreement.

The Illinois Procurement Code (Code) (30 ILCS 500/20-80) requires State agencies to reduce to writing contractual liabilities for professional and artistic services involving expenditures of more than \$5,000 during the fiscal year for the same type of service prior to the beginning of the services and file them with the State Comptroller's Office.

Board personnel stated the first vendor was a law firm representing the Board in a lawsuit. The case was close to being finished, thus a contract was not created for FY05. For the other vendor, the Board did not produce contracts for the services since the cases separately were under \$5,000.

Failure to approve and reduce to writing contractual agreements prior to the performance of services may result in loss of State funds and may subject the State to unnecessary legal risks. (Finding Code No. 06-1, 04-1)

RECOMMENDATION

We recommend the Board strengthen controls to ensure contractual agreements are approved prior to the execution of the contract and that the contracts are reduced to writing and filed with the State Comptroller's Office.

BOARD RESPONSE

As of July 1, 2005 (FY06) professional and artistic services involving expenditures of more than \$5,000 for the same type of service have been executed prior to the beginning of the services and filed with the Illinois State Comptroller's Office.

06-2. **FINDING** (Untimely Filing of Reports)

The State Police Merit Board (Board) did not timely file its administrative reports as required. We noted the following:

- One of eight (12.5%) Travel Headquarter (TA-2) reports was filed 45 days late and one of eight (12.5%) TA-2 reports has not been filed to date with the Legislative Audit Commission.

The State Finance Act (30 ILCS 105/12-3) requires each State agency to file reports for all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time. Agencies with no officers or employees in this status shall file negative reports. The reports are required to be filed with the Legislative Audit Commission by January 15 and July 15 of each year for the six-month period previously ended December 31 and June 30.

- One of 12 (8%) Economic Interest Statements selected for testing was filed 10 days late with the Secretary of State's Office.

The Illinois Governmental Ethics Act (5 ILCS 420/4) requires each person whose position at that time subjects him to the filing requirements of Section 4A-101 to file a statement by May 1 with the Secretary of State's Office.

- One of two (50%) Petty Cash Usage Reports was not filed for the calendar year ended December 31, 2005 with the State Comptroller's Office.

The Statewide Accounting Management System (SAMS) (Procedure 9.10.40) requires a petty cash fund usage report be completed for those petty cash funds exceeding \$100 and filed with the Comptroller's Office no later than January 31 for the preceding calendar year.

Board personnel stated the reports were not filed timely due to oversight and other work commitments.

In addition, we noted in the prior engagement that the Board did not timely file three of eight (38%) Agency Reports of State Property (C-15s), the FY04 Fiscal Control and Internal Auditing Act (FCIAA) certification, and the FY03 and FY04 Agency Fee Imposition Reports. During the current engagement, we noted the Board filed these reports in a timely manner.

Failure to file TA-2 reports, economic interest statements, and petty cash usage reports in a timely manner reduces effective government oversight and is noncompliance with statutory mandates and SAMS requirements. (Finding Code No. 06-2, 04-2)

RECOMMENDATION

We recommend the Board ensure all required reports be filed with the appropriate parties on a timely basis.

BOARD RESPONSE

The Board has established measures to better insure that reports will be filed with the appropriate parties on a timely basis.

06-3. **FINDING** (Non-Compliance with State Officials and Employees Ethics Act)

The State Police Merit Board did not comply with all the requirements of the State Officials and Employees Ethics Act.

- The State Police Merit Board (Board) did not maintain time sheets in compliance with the State Officials and Employees Ethics Act (Act). We noted Board employees did not maintain time sheets in compliance with the Act. The fiscal officer prepares the time sheets for all five employees each month and each employee reviews their own time sheet for discrepancies. In addition, the time sheets do not document the time spent each day was on official State business.
- The Board did not display any notice of State employee protection under the Whistle Blower Protection article of the State Officials and Employees Ethics Act as required.

The Act requires the Department to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5(c)) states, “The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour”. The Act (5 ILCS 430/15) also requires all State agencies to conspicuously display notices of State employee protection under this Act.

Board personnel stated they were unaware of the requirements of this Act.

Failure to ensure each employee submits a time sheet and appropriately documents the time spent each day on official State business, and failure to display notice of State employee protection is noncompliance with the Act. (Finding Code No. 06-3)

RECOMMENDATION

We recommend the Board comply with all requirements of the State Officials and Employees Ethics Act.

BOARD RESPONSE

The Board has developed and distributed to all employees the new procedures to be followed with regards to monthly time sheets. Also, the Board has posted the “Whistle Blower Protection” article on the employee bulletin board. The Board is now in compliance with the requirements of the State Officials and Employees Ethics Act.

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Service Efforts and Accomplishments (Not Examined)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2006

P.A. 94-0015 FISCAL YEAR 2006	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31		
General Revenue Fund - 001					
Personal Services	\$ 353,800	\$ 290,546	\$ 13,454	\$ 304,000	\$ 49,800
Employee Retirement					
Contributions Paid by Employer	0	0	0	0	0
State Contribution to State					
Employees' Retirement System	27,600	22,709	1,050	23,759	3,841
State Contributions to Social Security	24,302	21,786	1,001	22,787	1,515
Contractual Services	453,569	442,962	10,603	453,565	4
Travel	13,150	12,800	349	13,149	1
Commodities	5,100	5,100	0	5,100	0
Printing	1,856	1,856	0	1,856	0
Equipment	5,055	4,630	425	5,055	0
Electronic Data Processing	7,288	6,790	498	7,288	0
Telecommunications	13,045	11,918	1,062	12,980	65
Operation of Automotive Equipment	5,635	5,368	266	5,634	1
Total Fiscal Year 2006	\$ 910,400	\$ 826,465	\$ 28,708	\$ 855,173	\$ 55,227

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2005

P.A. 93-0842 FISCAL YEAR 2005	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31		
General Revenue Fund - 001					
Personal Services	\$ 331,300	\$ 309,251	\$ 12,203	\$ 321,454	\$ 9,846
Employee Retirement					
Contributions Paid by Employer	0	0	0	0	0
State Contribution to State					
Employees' Retirement System	53,400	49,949	1,967	51,916	1,484
State Contributions to Social Security	25,500	23,276	913	24,189	1,311
Contractual Services	316,458	276,566	33,359	309,925	6,533
Travel	6,100	4,986	1,112	6,098	2
Commodities	5,687	4,925	613	5,538	149
Printing	6,350	6,142	34	6,176	174
Equipment	2,400	1,899	501	2,400	0
Electronic Data Processing	8,633	7,397	976	8,373	260
Telecommunications	13,080	12,385	694	13,079	1
Operation of Automotive Equipment	3,492	2,852	639	3,491	1
Total Fiscal Year 2005	\$ 772,400	\$ 699,628	\$ 53,011	\$ 752,639	\$ 19,761

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2006	2005	2004
General Revenue Fund - 001	P.A. 94-0015	P.A. 93-0842	P.A. 93-0065
<hr/>			
Appropriations (Net of Transfers)	\$ 910,400	\$ 772,400	\$ 930,400
<hr/>			
<u>Expenditures</u>			
Personal Services	\$ 304,000	\$ 321,454	\$ 315,355
Employee Retirement			
Contributions Paid by Employer	0	0	0
State Contribution to State			
Employees' Retirement System	23,759	51,916	28,385
State Contributions to Social Security	22,787	24,189	23,701
Contractual Services	453,565	309,925	432,854
Travel	13,149	6,098	13,523
Commodities	5,100	5,538	5,191
Printing	1,856	6,176	4,992
Equipment	5,055	2,400	8,109
Electronic Data Processing	7,288	8,373	9,627
Telecommunications	12,980	13,079	12,400
Operation of Automotive Equipment	5,634	3,491	1,899
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 855,173	\$ 752,639	\$ 856,036
	<hr/>	<hr/>	<hr/>
Lapsed Balances	\$ 55,227	\$ 19,761	\$ 74,364
	<hr/>	<hr/>	<hr/>
Appropriation to Comptroller's Office for Merit Board Member's Salaries	\$ 101,000	\$ 101,000	\$ 101,000
	<hr/>	<hr/>	<hr/>
Board Member Salaries	79,992	81,810	81,812
	<hr/>	<hr/>	<hr/>
Lapsed Balances	\$ 21,008	\$ 19,190	\$ 19,188
	<hr/>	<hr/>	<hr/>

Note: The Agency did not make any efficiency initiative payments during FY05 or FY06.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2006

	Equipment
Balance at July 1, 2004	\$ 239,451
Additions	5,757
Deletions	(37,670)
Net Transfers	(11,080)
Balance at June 30, 2005	\$ 196,458
Balance at July 1, 2005	\$ 196,458
Additions	5,292
Deletions	-
Net Transfers	1,653
Balance at June 30, 2006	\$ 203,403

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Year Ended June 30,

General Revenue Fund-001	<u>2006</u>	<u>2005</u>	<u>2004</u>
Telephone Usage/Pager Usage	\$ 0	\$ 117	\$ 464
Copy Fees	0	0	4
Miscellaneous	<u>0</u>	<u>15</u>	<u>0</u>
Total Receipts	<u><u>\$ 0</u></u>	<u><u>\$ 132</u></u>	<u><u>\$ 468</u></u>

RECONCILIATION OF CASH RECEIPTS
TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Fiscal Year Ended June 30,

General Revenue Fund-001	<u>2006</u>	<u>2005</u>	<u>2004</u>
Receipts per Board Records	\$ 0	\$ 132	\$ 468
Add: Deposits in Transit, Beginning of Year	0	220	20
Less: Deposits in Transit, End of Year	<u>0</u>	<u>0</u>	<u>220</u>
Deposits Recorded by the Comptroller	<u><u>\$ 0</u></u>	<u><u>\$ 352</u></u>	<u><u>\$ 268</u></u>

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2005 AND 2006

General Revenue Fund (001)

State Contribution to State Employees' Retirement System

The decrease in State Contribution to State Employees' Retirement System in FY06 was due to the overall State employee retirement rate decreasing from 16.1% in FY05 to 7.8% in FY06.

Contractual Services

The increase in contractual services expenditures in FY06 was due to a promotional exercise done for the higher-ranking officers that was not completed in FY05.

Travel

The increase in travel expenditures in FY06 was due to a promotional exercise done for the higher-ranking officers that was not completed in FY05.

Printing

The decrease in printing expenditures in FY06 was due to the printing of cards for Trooper entrance requirements in the FY05 that were not printed in FY06 and budgetary constraints.

Equipment

The increase in equipment expenditures in FY06 was due to the purchase of cameras for Master Sergeant testing.

Operation of Automotive Equipment

The increase in operation of automotive equipment expenditures in FY06 was due to unexpected repairs to the Chevy Blazer.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2004 AND 2005

General Revenue Fund (001)

State Contribution to State Employees Retirement System

The increase in the State Contribution to State Employees' Retirement System expenditures in FY05 was due to the State suspending payments into the State Employees' Retirement System in FY04 as a result of Public Act 93-0665, which became effective in March 2004. The Act suspended contribution payments from the effective date of the Act through the payment of the final payroll from FY04 appropriations. Contributions resumed in FY05. In addition the overall State employee retirement rate increased from 13.4% in FY04 to 16.1% in FY05.

Contractual Services

The decrease in contractual services expenditures in FY05 resulted from a Captain and Lieutenant Class that was held in FY04, and not held in FY05.

Travel

The decrease in travel expenditures in FY05 resulted from a Captain and Lieutenant Class that was held in FY04, and not held in FY05.

Printing

The increase in printing expenditures in FY05 was due to printing of cards for Trooper entrance requirements.

Equipment

The decrease in equipment expenditures in FY05 was due to the payoff of a Chevy Blazer in FY04.

Operation of Automotive Equipment

The increase in operation of automotive equipment expenditures in FY05 was due to unexpected repairs to the Chevy Blazer.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2006

A comparative schedule of the Board's cash receipts is shown in the Supplementary Information section of this report. A decrease in total receipts is attributable to a decrease in the reimbursements from employees for personal use of the Board's cell phones and pagers in FY05. There were no receipts collected by the Board in FY06.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2006

FISCAL YEAR 2006

No significant lapse period spending noted.

FISCAL YEAR 2005

Equipment

A bookcase was purchased and received late in the fiscal year and paid during the lapse period.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS

AGENCY FUNCTIONS AND PLANNING PROGRAM

Agency Functions

The Illinois State Police Merit Board (Board) was established in 1949 by the State Police Act (20 ILCS 2610/3), and was reorganized July 1, 1977 to consist of five members who are appointed by the Governor and approved by the Senate for six-year terms.

The Board operates to certify Illinois State Police Officers for appointment and promotion. The Board was also created to act as a hearing agency over issues related to discipline, removal, demotion, and suspension of Illinois State Police Officers.

The members of the Illinois State Police Merit Board as of June 30, 2006 were:

- John Rednour, Chairman
- Kenneth Schloemer, Secretary
- Richard D. Joutras
- Arthur J. Smith
- Niranjana Shah

Agency Planning Program

The Board has established a Strategic Plan to address the three functions of the State Police Merit Board: certification for appointment, promotion and discipline. The Board's Strategic Plan emphasizes higher standards in performing its three functions.

Analyses are performed regularly to uncover any adverse impacts presented by the tests, and to validate the exams ability to properly test candidates for appointment and promotion. Long range planning over disciplinary procedures aims to tighten the time frames from when a petition for appeal is received to the time the case is closed.

Auditors' Assessment

The Board appears to have maintained an adequate planning program and established procedures to manage its mandated and administrative duties.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS

AVERAGE NUMBER OF EMPLOYEES AND BOARD MEMBERS

The following table, prepared from Board records, presents the average number of employees and Board Members for the fiscal years ended June 30,

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Employees	5	5	5
Board Members	5	5	5

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)

The Board hears disciplinary cases against sworn officers brought by the Department of State Police. These cases can be initiated by complaints within the Department of State Police or from complaints by citizens to the Department of State Police. A three-year comparison of the status of cases brought before the Board follows:

	June 30,		
	2006	2005	2004
New Cases brought before the Board	17	17	14
Cases Remanded Back to Board by Court System for Additional Review	0	0	0
Cases settled without a hearing	11	8	9
Cases settled with a formal hearing	6	7	5
Cases pending at year end	12	12	10

The Board collects acceptable pre-employment cards during each fiscal year. Pre-employment cards collected in one fiscal year are used to select candidates for cadet training provided by the Department of State Police in the following fiscal year. Below is a comparison of the number of acceptable pre-employment cards, the number of applicants certified to each cadet class, and the number of graduating applicants certified to each cadet class conducted during the fiscal years 2006, 2005 and 2004.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS

	Fiscal Year		
	2006	2005	2004
Number of acceptable pre-employment cards received	1,517	2,397	2,351
Number of applicants certified to cadet class #107			
Graduating applicants certified to cadet class #107			38
Number of applicants certified to cadet class #108			41
Graduating applicants certified to cadet class #108		31	
Number of applicants certified to cadet class #109			65
Graduating applicants certified to cadet class #109		47	
Number of applicants certified to cadet class #110	130		
Graduating applicants certified to cadet class #110	51		
Number of applicants certified to cadet class #111	31		
Graduating applicants certified to cadet class #111	*		
Number of applicants certified to cadet class #112	80		
Graduating applicants certified to cadet class #112	*		
Number of applicants certified to cadet class #113	70		
Graduating applicants certified to cadet class #113	*		

* Applicants certified to cadet classes #111, 112 and 113 will not graduate until Fiscal Year 2007.