



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**STATE POLICE MERIT BOARD**

Compliance Examination  
 For the Two Years Ended June 30, 2016

Release Date: February 2, 2017

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>No Repeat Findings</b>			
Category 2:	1	0	1				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>2</b>				
<b>FINDINGS LAST AUDIT: 0</b>							

**SYNOPSIS**

- **(16-01)** The State Police Merit Board did not maintain adequate segregation of duties in the areas of payroll, expenditure control, and State property.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).  
**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.  
**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**STATE POLICE MERIT BOARD  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

<b>EXPENDITURE STATISTICS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Expenditures.....</b>	<b>\$ 832,543</b>	<b>\$ 2,839,056</b>	<b>\$ 2,597,469</b>
OPERATIONS TOTAL.....	\$ 832,543	\$ 2,839,056	\$ 2,597,469
% of Total Expenditures.....	100%	100%	100%
Personal Services.....	456,900	412,572	370,298
Other Payroll Costs (FICA, Retirement).....	33,984	30,621	25,025
All Other Operating Expenditures.....	341,659	2,395,863	2,202,146
<b>Total Receipts.....</b>	<b>\$ 285</b>	<b>\$ 66,792</b>	<b>\$ 0</b>
<b>Average Number of Employees.....</b>	<b>7</b>	<b>6</b>	<b>5</b>

<b>SELECTED ACTIVITY MEASURES (Not Examined)</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
New Cases brought before the Board.....	2	11	8
Cases settled without a hearing.....	1	5	6
Cases settled with a formal hearing.....	0	4	2
Complaints pending at year end.....	2	1	5
Number of acceptable applications received.....	584	1,398	*
Applicants certified to a cadet class.....	0	0	226
Graduating applicants certified to class.....	0	36	79
*Board did not accept applications in Fiscal Year 2014.			

<b>AGENCY EXECUTIVE DIRECTOR</b>
During Examination Period: Mr. Ronald P. Cooley
Currently: Mr. Daniel Dykstra (Acting Director) (effective 1/1/17)

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE SEGREGATION OF DUTIES**

**Inadequate segregation of duties in the areas of payroll, expenditure control, and State property**

The State Police Merit Board (Board) did not maintain adequate segregation of duties in the areas of payroll, expenditure control, and State property. We noted the following:

- One employee had the authority to prepare and approve vouchers, maintain accounting records, enter transactions into the accounting system, and perform monthly reconciliations. Additionally, an information technology employee had the authority to approve vouchers.
- One employee had the authority to prepare payroll, make adjustments to payroll, approve payroll, and distribute payroll checks.
- During Fiscal Year 2015 only, one employee had the authority to maintain property control records, tag all inventory, and perform quarterly and annual physical property inventory.
- As a compensating control for a lack of segregation of duties upper management had been charged with review and approval of all invoices; however, documentation of that review was not maintained.
- Documentation for Fee Imposition Reports, Travel Headquarters Reports, and Agency Reports of State Property did not contain evidence that the reports had been reviewed or approved by a person independent of preparation.

We recommended the Board allocate sufficient personnel in order to maintain effective internal control over the authorization, custody and record keeping over payroll, expenditures and property. We also recommended documentation be maintained to support the controls are functioning as designed.

**Board agreed with auditors**

Board management agreed that segregation is an issue with a staff this small and stated they have already implemented corrective action.

**OTHER FINDINGS**

The remaining finding pertains to inadequate controls over Board records and is reportedly being given attention by Board personnel. Auditors will follow up on the Board's

progress towards the implementation of our recommendation in the next engagement.

**ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the Board for the two years ended June 30, 2016 as required by the Illinois State Auditing Act. The accountants qualified their report on State Compliance for finding 2016-001. Except for the noncompliance described in the finding, the accountants stated the Board complied, in all material respects, with the requirements described in the report

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:HWW

**SPECIAL ASSISTANT AUDITORS**

Our Special Assistant Auditors for this examination were West & Company, LLC.