



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, 2018

Release Date: February 6, 2019

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>
Category 1:	0	0	0	No Repeat Findings			
Category 2:	2	0	2				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	2	0	2				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- (2018-001) The State Police Merit Board did not have adequate controls over personal services.

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, 2018**

EXPENDITURE STATISTICS	2018	2017	2016
Total Expenditures.....	\$ 3,589,378	\$ 1,367,834	\$ 832,543
OPERATIONS TOTAL.....	\$ 3,589,378	\$ 1,367,834	\$ 832,543
% of Total Expenditures.....	100%	100%	100%
Personal Services.....	1,850,713	571,002	456,900
Other Payroll Costs (FICA, Retirement).....	1,301,078	264,303	33,984
All Other Operating Expenditures.....	437,587	532,529	341,659
Total Receipts.....	\$ 90	\$ 460	\$ 285
Average Number of Employees.....	6	7	7

SELECTED ACTIVITY MEASURES (Not Examined)	2018	2017	2016
New Cases brought before the Board.....	6	6	2
Cases settled without a hearing.....	1	1	1
Cases settled with a formal hearing.....	3	1	0
Complaints pending at year end.....	6	4	2
Number of acceptable applications received.....	974	671	584
Applicants certified to a cadet class.....	277	124	0
Graduating applicants certified to class.....	61	0	0

AGENCY EXECUTIVE DIRECTOR
During Examination Period: Mr. Ronald Cooley (through 12/31/16); Mr. Daniel Dykstra, Acting (1/1/17 through 4/19/17), Mr. Jack Garcia (effective 4/20/17)
Currently: Mr. Jack Garcia

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE CONTROLS OVER PERSONAL SERVICES

The State Police Merit Board (Board) did not have adequate controls over personal services.

We noted the following weaknesses during testing of personal services:

Employer group insurance cost was not paid to DCMS

- Eight of 9 (89%) payroll vouchers tested, paid from special State funds, did not include applicable employer group insurance cost remittance, required to be paid to the Department of Central Management Services (DCMS). The Board was unable to provide the amount of the omission. During Fiscal Year 2017 and 2018, the Board had a total of \$2,305,049 in personal services expenditures for regular positions, and submitted no insurance payments to DCMS.

Employees received overpayment for overtime worked

- During testing of employee attendance records, we noted the following:
 - Two of 4 (50%) employees tested were paid overtime hours that were not supported by proper documentation showing overtime had been worked. The overpayments totaled \$779.
 - Two of 40 (5%) monthly time sheets tested had formula errors which caused incorrect overtime hours to be calculated. One error resulted in a \$97 overpayment to an employee, and the other resulted in a \$26 underpayment to an employee.
 - During our testing of 40 monthly time sheets, 22 reported overtime hours worked. Approvals for 12 of 22 (55%) were approved with a stamped signature of an authorized approver. Additionally, 11 of 22 (50%) reported instances of extensive overtime being worked with no lunch or break periods.
 - The Board's timekeeping policy is inadequate and does not require absences or overtime to have prior written approval. Approvals are done at the end of each month after overtime has been worked and time off has been taken.

Overtime and absences do not require prior written approval

- During testing of Agency Workforce Reports (Report), we noted the Fiscal Year 2017 Report did not list the Board's contractual employee. Additionally, inaccurate percentages were reported. (Finding 1, pages 9-11)

We recommended the Board ensure proper employer group insurance costs are remitted to DCMS as required by the State Employees Group Insurance Act of 1971. We also recommended the Board maintain accurate overtime records and implement controls to ensure that overtime is approved with a proper signature of authorized approver prior to being worked. We further recommended the Board ensure accurate information is reported in Agency Workforce Reports.

The Board agrees and has since added another approval level to the personal services area to catch human errors within the timekeeping system.

Board agreed with auditors

OTHER FINDINGS

The remaining finding pertains to voucher processing weaknesses. Auditors will follow up on the Board's progress towards the implementation of our recommendations in the next engagement.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Board for the two years ended June 30, 2018 as required by the Illinois State Auditing Act. The accountants stated the Board complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by West & Company, LLC.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:SWK