

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2018

**Performed as Special Assistant Auditors
For the Auditor General, State of Illinois**



**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

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**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

AGENCY OFFICIALS

Executive Director (4/20/17 to Present)	Mr. Jack Garcia
Acting Executive Director (1/1/17 to 4/19/17)	Mr. Daniel Dykstra
Executive Director (1/1/08 to 12/31/16)	Mr. Ronald Cooley
Chief Legal Counsel (4/20/17 to Present)	Mr. Daniel Dykstra
Chief Fiscal Officer	Ms. Jenny Thornley
Information Systems Analyst	Mr. Eric Garvue

Board office is located at:

531 Sangamon Avenue East
Springfield, Illinois 62702



ILLINOIS STATE POLICE MERIT BOARD

531 Sangamon Avenue East
Springfield, Illinois 62702

Office # (217) 786-6240
Fax # (217) 786-0181

January 11, 2019

West & Company, LLC
Certified Public Accountant
919 E. Harris Avenue
Greenville, IL 62246

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 State of 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 State of Illinois, State Police Merit Board's compliance with the following assertions during the two-year period ended June 30, 2018. Based on this evaluation, we assert that during the years ended June 30, 2017 and June 30, 2018, the State of Illinois, State Police Merit Board has materially complied with the assertions below.

- A. The State of 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 State of 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 State of 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. State revenues and receipts collected by the State of 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 State of Illinois, Office of the Attorney General on behalf of the State or held in trust by the State of Illinois, Office of the Attorney General have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

State Police Merit Board

SIGNED ORIGINAL ON FILE

Mr. Jack Garcia, Director

SIGNED ORIGINAL ON FILE

Ms. Jenny Thornley, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Mr. Daniel Dykstra, Chief Legal Counsel

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT’S REPORT

The Independent Accountant’s 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>Current Report</u>	<u>Prior Report</u>
Findings	2	2
Repeated findings	0	0
Prior recommendations implemented or not repeated	2	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
CURRENT FINDINGS (STATE COMPLIANCE)			
2018-001	9	Inadequate controls over personal services	Significant Deficiency and Noncompliance
2018-002	12	Voucher processing weaknesses	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A	14	Inadequate segregation of duties
B	14	Inadequate controls over Board records

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

SUMMARY (Continued)

EXIT CONFERENCE

The Board waived an exit conference in a correspondence from Ms. Jenny Thornley, Chief Fiscal Officer, on December 17, 2018. The responses to the recommendations were provided by Jenny Thornley, Chief Fiscal Officer, in a correspondence dated January 3, 2019.



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**INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of 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, 2018. The management of the State of Illinois, State Police Merit Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, State Police Merit Board's compliance based on our examination.

- A. The State of 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 State of 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 State of 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. State revenues and receipts collected by the State of 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 State of Illinois, State Police Merit Board on behalf of the State or held in trust by the State of 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 (the Audit Guide); Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the State of Illinois, State Police Merit Board complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, State Police Merit Board complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, State Police Merit Board's compliance with specified requirements.

In our opinion, the State of Illinois, State Police Merit Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. However, the results of our procedures disclosed instances of noncompliance with the 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 findings as items 2018-001 and 2018-002.

The State of Illinois, State Police Merit Board's response to the finding identified in our examination is described in the accompanying schedule of findings. The State of Illinois, State Police Merit Board's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

The purpose of this report on compliance is solely to describe the scope of our testing and the result of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the State of Illinois, State Police Merit Board is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, State Police Merit Board's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances 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, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, State Police Merit Board's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, State Police Merit Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in*

internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The State of Illinois, State Police Merit Board's responses to the internal control findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, State Police Merit Board's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

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 for the years ended June 30, 2018 and June 30, 2017 in Schedules 1 through 5 and the Analysis of Operations Section 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 June 30, 2018 and June 30, 2017 accompanying supplementary information in Schedules 1 through 5. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2016 accompanying supplementary information in Schedules 3 and 5, and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Greenville, Illinois
January 11, 2019

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS (STATE COMPLIANCE)

2018-001 **FINDING** (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:

- 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.
- 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.
- 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.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS (STATE COMPLIANCE)

2018-001 **FINDING** (Inadequate controls over personal services) (Continued)

The State Employees Group Insurance Act of 1971 (5 ILCS 375/11) requires every department, which has members paid from funds other than the General Revenue Fund, to cooperate with the DCMS and the Governor's Office of Management and Budget in order to assure that the specified proportion of the State's costs for group life insurance, the program of health benefits, and other employee benefits is paid by such funds. The Board's overtime and compensatory time policy requires all overtime to be approved by the Executive Director. Prudent business practices require the Board to receive prior approval from the Executive Director before working overtime or receiving compensatory time. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. The State Employment Records Act (5 ILCS 410/15) requires agencies to collect and maintain information and publish reports including the total number of persons employed within the agency work force, the number of statistical percentages, and the total number of persons employed as contractual service employees.

Board personnel stated prior to the current examination period, the Board received its appropriation for personal services from the General Revenue Fund, which did not require the employer costs for group insurance to be remitted to DCMS. During the current examination period the Board received appropriations for personal services from the State Police Merit Board Public Safety Fund, a special State fund, in which the Board failed to include the employer costs for group insurance on the vouchers due to oversight. Board personnel stated the errors made on attendance records and overtime were due to incorrect formulas within the time sheets and clerical error. Board personnel also stated possession and use of the signature stamp was with the authorized approver who chose to use the stamp rather than original signature. Board personnel stated requests for time off and overtime are approved in advance verbally, however written approval is not done until the end of each month. Board personnel stated errors in the Fiscal Year 2017 Workforce Report were due to clerical error.

Failure to remit employee costs for group insurance with personal services expenditures paid from a special State fund results in noncompliance with State law. Failure to maintain proper approvals for overtime results in noncompliance with the Board's overtime and compensatory time policy and could lead to inaccurate timekeeping reporting. Failure to maintain accurate attendance and overtime records can result in the State paying for services not actually rendered. Failure to report all information required by the State Records Act in the Agency Workforce Report results in noncompliance with the Act and limits governmental oversight. (Finding Code No. 2018-001)

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS (STATE COMPLIANCE)

2018-001 **FINDING** (Inadequate controls over personal services) (Continued)

RECOMMENDATION

We recommend 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 recommend 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 recommend the Board ensure accurate information is reported in Agency Workforce Reports.

BOARD RESPONSE

The Board agrees and has since added another approval level to the personal services area to catch human errors within the timekeeping system. Since the audit, the overtime policy will require a signature from the Director or Chief Legal Counsel before overtime is worked. Time off is approved beforehand via email or over the phone. The employee contribution for health insurance is now being deducted. When the Board went from using the General Revenue Fund to using an Other State Fund, the health insurance line was never added. The line has now been added.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS (STATE COMPLIANCE)

2018-002 **FINDING** (Voucher processing weaknesses)

The State Police Merit Board (Board) did not exercise adequate controls over voucher processing.

During testing, we noted the following:

- Seven of 131 (5%) vouchers tested, totaling \$41,621, were approved for payment from 1 to 22 days late.
- Thirty of 131 (23%) vouchers tested, totaling \$250,504, contained vendor invoices showing a date received stamp of 15 days or more after the date of the vendor invoice. The date received stamp ranged from 15 to 365 days after the date of the vendor invoice. Documentation was not found to support the delays. Due to these circumstances, the date received stamp is deemed unreliable and the proper bill date could not be determined.
- Eleven of 135 (8%) vouchers tested, totaling \$40,800 were not coded to the correct Statewide Accounting Management System (SAMS) object code.
- Two of 131 (2%) vouchers tested, totaling \$9,600, did not include accurate information. The vouchers listed incorrect vendor invoice dates.
- Two of 133 (2%) vouchers tested, totaling \$573, were not mathematically accurate. One voucher was overstated by \$65 and one voucher was understated by \$21.
- Three of 25 (12%) travel vouchers tested, totaling \$473, had mileage reimbursement rates in excess of the allowable rate, totaling \$6 in overpayments. The travelers were reimbursed at a rate of 54 cents per mile. The allowable reimbursement rate was 53.5 cents per mile.

The Illinois Administrative Code (Code) (74 Ill. Adm. Code 900.70) requires an agency to review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after physical receipt of the bill. The Code (74 Ill. Admin. Code 900.30) requires the Agency to maintain written or electronic records reflecting the date on which the proper bill was received. The SAMS Manual (Procedure 11.10.50) states the purpose of the SAMS detail object code is to report expenditures information at a more refined level within a common object. In addition, prudent business practices require the Board to properly record voucher information into its expenditure records to allow for proper review and reconciliation to the Office of the Comptroller's data. The SAMS Manual (Procedure 17.10.20) states State agencies have the principal responsibility for the pre-audit of their encumbrances, expenditures, and other transactions as otherwise required by law. The Code (80 Ill. Admin. Code 3000.300)

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS (STATE COMPLIANCE)

2018-002 **FINDING** (Voucher processing weaknesses) (Continued)

requires reimbursements for use of a private vehicle be on a mileage basis in accordance with the rate set under federal regulations. The Code (80 Ill. Adm. Code 2800.Appendix A) establishes a rate of 53.5 cents per mile for allowed travel reimbursements.

During the previous examination, Board personnel stated a new employee started and had to learn the intricacies of the system. Also during the previous examination, Board personnel stated an outdated travel reimbursement voucher was used with an incorrect mileage reimbursement amount.

During the current examination, Board personnel stated the lack of timely approval and proper bill documentation were due to competing priorities. The incorrect object codes, inaccurate voucher information, mathematical computational errors and mileage reimbursement errors were due to clerical errors and oversight.

Inadequate control over voucher processing could lead to inaccurate voucher processing, misappropriation, misuse of State funds, payment for goods and services not received, untimely payments to vendors, or failure to pay vendors prompt payment interest. Inaccurate detail object codes reduce the overall control over expenditures and could lead to inaccurate State reporting. (Finding Code No. 2018-002)

RECOMMENDATION

We recommend the Board strengthen controls over voucher processing to ensure vouchers are accurately prepared and approved for payment timely, the proper date received for invoices is documented, coded to the correct object code, and use current mileage reimbursement rates.

BOARD RESPONSE

The Board agrees the voucher processing area is an area we are going to add additional approvals. The switch to the Enterprise Resource Planning system will also allow us to better manage the vouchering process and the controls over the process. The Board will also make certain the mileage reimbursement rate is correct. The Board will continue to closely monitor voucher processing.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018**

PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Inadequate segregation of duties)

In the prior examination period, the State Police Merit Board (Board) did not maintain adequate segregation of duties in the areas of payroll, expenditure control, and State property.

During the current examination period, our testing showed the Board reassigned duties and improved segregation of duties. (Finding Code No. 2016-001)

B. **FINDING** (Inadequate controls over Board records)

In the prior examination period, the State Police Merit Board (Board) did not establish proper controls over Board records.

During the current examination period, our testing showed the Board implemented changes to improve reconciliations of the Office of the Comptroller's Monthly Appropriation Status Report (SB01). (Finding Code No. 2016-002)

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

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 and Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller

- Analysis of Operations (Not Examined):
 - Agency Functions and Planning Program (Not Examined)
 - Analysis of Significant Variations in Expenditures (Not Examined)
 - Analysis of Significant Variations in Receipts (Not Examined)
 - Analysis of Significant Lapse Period Spending (Not Examined)
 - Significant Fund Cash Balance (Not Examined)
 - Budget Impasse Disclosures (Not Examined)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)
 - Interest Costs on Fiscal Year 2017 Invoices (Not Examined)
 - Average Number of Employees and Board Members (Not Examined)
 - Emergency Purchases (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2018 and June 30, 2017 accompanying supplementary information in Schedules 1 through 5. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2018**

For the Fifteen Months Ended September 30, 2018

Public Act 100-0021	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
<u>APPROPRIATED FUNDS</u>					
<u>STATE POLICE MERIT BOARD PUBLIC</u>					
<u>SAFETY FUND - 166</u>					
Ordinary and contingent expenses	\$ 1,432,900	\$ 1,013,133	\$ 87,366	\$ 1,100,499	\$ 332,401
Cadet program for State Police	<u>5,500,000</u>	<u>2,448,136</u>	<u>40,743</u>	<u>2,488,879</u>	<u>3,011,121</u>
Total State Police Merit Board Public Safety Fund - 166	<u>\$ 6,932,900</u>	<u>\$ 3,461,269</u>	<u>\$ 128,109</u>	<u>\$ 3,589,378</u>	<u>\$ 3,343,522</u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2018, and have been reconciled to Board records.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2018, the Board operated without enacted appropriation until Public Act 100-0021 was signed into law on July 6, 2017. During the impasse, the Board incurred non-payroll obligations, which the Board was unable to pay until the passage of Public Act 100-0021.

Note 4: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all costs incurred to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 28 includes information from Board management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Board to be submitted against its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2017

For the Fifteen Months Ended September 30, 2017

Public Act 099-0524 and Public Act 100-0021 FISCAL YEAR 2017	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
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APPROPRIATED FUNDS

STATE POLICE MERIT BOARD PUBLIC

SAFETY FUND - 166

Ordinary and contingent expenses	<u>\$ 1,432,900</u>	<u>\$ 1,139,521</u>	<u>\$ 228,313</u>	<u>\$ 1,367,834</u>	<u>\$ 65,066</u>
Total State Police Merit Board Public Safety Fund - 166	<u><u>\$ 1,432,900</u></u>	<u><u>\$ 1,139,521</u></u>	<u><u>\$ 228,313</u></u>	<u><u>\$ 1,367,834</u></u>	<u><u>\$ 65,066</u></u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to Board records.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

Note 3: Public Act 99-0524 authorizes the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 28 includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board to be submitted against its Fiscal Year 2017 appropriation.

Note 4: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all cost incurred to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 28 includes information from Board management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Board to be submitted against its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017, and 2016**

	FISCAL YEAR		
	2018	2017	2016
	P.A. 100-0021	P.A. 099-0524 and P.A. 100-0021	P.A. 99-0524 and Court-Ordered Expenditures
<u>GENERAL REVENUE FUND - 001</u>			
Expenditure Authority (net after transfers)	\$ -	\$ -	
Expenditures			
Personal services	-	-	\$ 456,900
State contributions to Social Security	-	-	33,984
Total expenditures	-	-	\$ 490,884
Lapsed balances	\$ -	\$ -	
<u>STATE POLICE MERIT BOARD PUBLIC SAFETY FUND - 166</u>			
Expenditure Authority (net after transfers)	\$ 6,932,900	\$ 1,432,900	\$ 3,100,000
Expenditures			
Ordinary and contingent expenses	1,100,499	1,367,834	283,536
Cadet program for State Police	2,488,879	-	58,123
Total expenditures	3,589,378	1,367,834	341,659
Lapsed balances	\$ 3,343,522	\$ 65,066	\$ 2,758,341

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017, and 2016**

	FISCAL YEAR		
	2018	2017	2016
	P.A. 100-0021	P.A. 099-0524 and P.A. 100-0021	P.A. 99-0524 and Court-Ordered Expenditures
<u>GRAND TOTAL - ALL FUNDS</u>			
Expenditure Authority (net after transfers)	\$ 6,932,900	\$ 1,432,900	
Total expenditures	3,589,378	1,367,834	\$ 832,543
Lapsed balances	\$ 3,343,522	\$ 65,066	
Expenditure Authority to Comptroller's Office for Merit Board Members' salaries	\$ 118,500	\$ 118,500	\$ 118,500
Board Members' salaries	49,770	62,331	91,956
Lapsed balances	\$ 68,730	\$ 56,169	\$ 26,544

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2018, 2017, and 2016, and have been reconciled to Board records.
- Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.
- Note 3: Public Act 99-0524 authorizes the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 28 includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board to be submitted against its Fiscal Year 2017 appropriation.
- Note 4: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all cost incurred to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 28 includes information from Board management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Board to be submitted against its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2018**

	<u>Equipment</u>
Balance at July 1, 2016	\$ 264,718
Additions	29,675
Deletions	(11,115)
Net transfers	<u>-</u>
Balance at June 30, 2017	<u>\$ 283,278</u>
Balance at July 1, 2017	\$ 283,278
Additions	39,797
Deletions	(19,166)
Net transfers	<u>(7,477)</u>
Balance at June 30, 2018	<u>\$ 296,432</u>

Note 1: The above schedule has been derived from Board records which have been reconciled to property reports submitted to the State Comptroller.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION SCHEDULE OF
CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30, 2018, 2017, and 2016

	FISCAL YEAR		
	2018	2017	2016
<u>GENERAL REVENUE FUND - 001</u>			
Application fees	\$ 90	\$ 60	\$ 285
Total cash receipts per Agency	90	60	285
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 90</u>	<u>\$ 60</u>	<u>\$ 285</u>
<u>STATE POLICE MERIT BOARD PUBLIC</u>			
<u>SAFETY FUND - 166</u>			
Prior year refunds	\$ -	\$ 400	\$ -
Total cash receipts per Agency	-	400	-
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ -</u>
<u>GRAND TOTAL - ALL FUNDS</u>			
Total cash receipts per Agency	\$ 90	\$ 460	\$ 285
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 90</u>	<u>\$ 460</u>	<u>\$ 285</u>

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

BOARD FUNCTIONS

The Illinois State Police Merit Board (Board) was established in 1949 by the State Police Act (20 ILCS 2610/3), and reorganized on July 1, 1977 to consist of five members appointed by the Governor and approved by the Senate for six-year terms. The Board's mission "is to remove political influence and provide a fair and equitable merit process for the selection of Illinois State trooper candidates and the promotion and discipline of Illinois State Police Officers."

The members of the Board as of June 30, 2018 were:

- Reeve Waud, Chairman
- James Riley, Secretary
- Andrew Berlin
- Gregory Hass*
- Richard Porter

*Appointed by Governor Bruce Rauner in July 2018.

BOARD 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. The Board exercises its powers and duties in an independent manner, free from the direction, control or influence of any other agency.

The Board continues to study methods to maintain professionalism in law enforcement. Foremost in the Board's set of priorities is the safety and welfare of the citizens of Illinois, particularly as they travel across the State's network of highways.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2017 AND 2018

Significant variances were determined to be changes of at least \$6,000 and greater than 20 percent between fiscal years and are explained below.

STATE POLICE MERIT BOARD PUBLIC SAFETY FUND – 166

Ordinary and contingent expenses

The decrease of \$267,335 or 20% from Fiscal Year 2017 to Fiscal Year 2018 was due to the Board cutting costs and achieving a lower overall headcount.

Cadet program

The increase of \$2,488,879 or 100% from Fiscal Year 2017 to Fiscal Year 2018 was due to not holding a cadet class in Fiscal Year 2017.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2016 AND 2017

Significant variances were determined to be changes of at least \$6,000 and greater than 20 percent between fiscal years and are explained below.

GENERAL REVENUE FUND – 001

The decrease of \$490,884 or 100% was due to the Board receiving no appropriation from the General Revenue Fund and operating fully out of the State Police Merit Board Public Safety Fund - 166 (Fund 166) in Fiscal Year 2017 and Fiscal Year 2018.

STATE POLICE MERIT BOARD PUBLIC SAFETY FUND – 166

Ordinary and contingent expenses

The increase of \$1,084,298 or 382% was due to the Board receiving no appropriation from the General Revenue Fund and operating fully out of Fund 166 in Fiscal Year 2017 and Fiscal Year 2018.

Cadet program

The decrease of \$58,123 or 100% was due to no Cadet Program in Fiscal Year 2017.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEAR 2018,
FISCAL YEAR 2017 AND FISCAL YEAR 2016**

Significant variances were determined to be changes of at least \$6,000 and greater than 20 percent between fiscal years.

STATE POLICE MERIT BOARD PUBLIC SAFETY FUND – 166

For Fiscal Year 2018, Fiscal Year 2017, and Fiscal Year 2016, there were no significant receipt variances.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING BETWEEN FISCAL YEARS 2017 AND 2018

Significant variances were determined to be changes of at least \$6,000 and greater than 20 percent of the total expenditures.

FISCAL YEAR 2018

For Fiscal Year 2018, there was no significant lapse period spending.

FISCAL YEAR 2017

For Fiscal Year 2017, there was no significant lapse period spending.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SIGNIFICANT FUND CASH BALANCE (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

STATE POLICE MERIT BOARD PUBLIC SAFETY FUND - 166

Effective January 1, 2013, the State Police Act (20 ILCS 2610/7.2) granted the Illinois State Police Merit Board (Board) administering rights to the State Police Merit Board Public Safety Fund – 166 (Fund). The Fund’s purpose is to receive State appropriations, gifts, grants, and federal funds and include earnings from investment of moneys. The Fund shall be used by the Board to provide the cadet program for State Police personnel and to meet all costs associated with the function of the Board. All moneys received by the Illinois State Treasurer under subsection (n) of Section 27.6 of the Clerks of Courts Act shall be deposited into the Fund.

The following schedule shows the Fund’s activity for the year ended June 30:

	<u>FISCAL YEAR</u>	
	<u>2018</u>	<u>2017</u>
Balance at beginning of Fiscal Year	\$ 4,727,987	\$ 4,114,401
Treasurer deposits		
Circuit Clerk collections	2,122,972	2,061,440
Investment income	68,441	32,926
Total Treasurer deposits	<u>2,191,413</u>	<u>2,094,366</u>
Board deposits		
Prior year refunds	-	400
Total Board deposits	<u>-</u>	<u>400</u>
Expenditures		
Transfers out	58,200	-
Current fiscal year expenditures through June 30	3,461,269	1,139,521
Prior fiscal year expenditures July 1 to September 30	228,313	341,659
Total expenditures	<u>3,747,782</u>	<u>1,481,180</u>
Balance at end of Fiscal Year	<u>\$ 3,171,618</u>	<u>\$ 4,727,987</u>

Note: The Illinois State Treasurer is responsible for all reporting of receipts and cash reconciliations for the Fund.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
BUDGET IMPASSE DISCLOSURES (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

PAYMENT OF PRIOR YEAR COSTS IN FUTURE FISCAL YEARS

Article 74 of Public Act 99-0524 authorized the State Police Merit Board to pay Fiscal Year 2016 costs using the State Police Merit Board's Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the State Police Merit Board to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the State Police Merit Board's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following chart shows the State Police Merit Board's payments of its prior period costs using future appropriations:

FISCAL YEAR 2016 INVOICES

Fund #	Fund Name	Paid From Fiscal Year 2017 Appropriations		Paid From Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
001	General Revenue Fund	-	\$ -	-	\$ -
166	Public Safety Fund	2	191	-	-
		2	\$ 191	-	\$ -

FISCAL YEAR 2017 INVOICES

Fund #	Fund Name	Paid From Fiscal Year 2017 Appropriations		Paid From Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
001	General Revenue Fund	-	\$ -	-	\$ -
166	Public Safety Fund	383	1,367,643	-	-
		383	\$ 1,367,643	-	\$ -

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND PROGRAMS
TO ADDRESS UNTIMELY PAYMENTS TO VENDORS (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

TRANSACTIONS INVOLVING THE ILLINOIS FINANCE AUTHORITY

The State Police Merit Board and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2017.

TRANSACTIONS INVOLVING THE VENDOR PAYMENT PROGRAM AND VENDOR SUPPORT INITIATIVE PROGRAM

None of the State Police Merit Board's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2017.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
INTEREST COSTS ON FISCAL YEAR 2017 INVOICES (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

PROMPT PAYMENT INTEREST COSTS

The State Police Merit Board did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540). The State Police Merit Board's vendors were paid within 90 days or paid from funds and accounts that are ineligible for prompt payment interest due to vendors under the Act.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
AVERAGE NUMBER OF EMPLOYEES AND BOARD MEMBERS (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

The following schedule was prepared from Board records and presents the average number of employees and Board members for the Fiscal Years ended June 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employees	6	7	7
Board Members	4	4	5

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
EMERGENCY PURCHASES (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

The Board reported the following emergency purchases to the Office of the Auditor General during Fiscal Years 2017 and 2018:

<u>DESCRIPTION OF EMERGENCY PURCHASES</u>	<u>Amount</u>
Legal services	\$ 88,782
Total cost	<u>\$ 88,782</u>

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Years Ended June 30, 2018**

The Board is responsible for the processes of discipline, removal, demotion and suspension of Illinois State Police sworn officers who violate the rules and regulations of the Illinois State Police. A three year comparison of the status of cases brought before the Board as of June 30 follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
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	-
Cases pending at year end	6	4	2

The Board collects applications of all interested persons through their website, www.illinoistrooper.com. The Board establishes time periods for accepting applications and applications are accepted only during these particular time periods. If an applicant meets the qualifications (cannot have been convicted of a felony, education, citizenship, etc.) and submits necessary documentation by the respective deadlines he or she is then scheduled for the recruitment test. Successful applicants are placed in an eligibility pool until either a cadet class is scheduled and the selection process is initiated, or their eligibility expires, whichever occurs first.

A comparison of the number of acceptable applications, 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 2018, 2017, and 2016 follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Number of acceptable applications received	974	671	584
Number of applicants certified to cadet class #126	-	124	-
Graduating applicants certified to cadet class #126	61	-	-
Number of applicants certified to cadet class #127	165	-	-
Graduating applicants certified to cadet class #127	-	-	-
Number of applicants certified to cadet class #128	112	-	-
Graduating applicants certified to cadet class #128	-	-	-