



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, 2020

Release Date: February 9, 2022

FINDINGS THIS AUDIT: 9	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	3	2	5	2018	20-01, 20-02		
Category 2:	4	0	4				
Category 3:	0	0	0				
TOTAL	7	2	9				
FINDINGS LAST AUDIT: 2							

INTRODUCTION

Because of the significance and pervasiveness of the findings described within the report, we expressed an **adverse opinion** on the State Police Merit Board’s compliance with the specified requirements which compromise a State Compliance examination. The Codification of Statements on Standards for Attestation Engagements (AT-C § 205.72) states a practitioner “should express an adverse opinion when the practitioner, having obtained sufficient appropriate evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter.”

SYNOPSIS

- (20-01) The State Police Merit Board (Board) did not have adequate controls over personal services.
- (20-02) The Board did not exercise adequate controls over voucher processing.

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.

**STATE POLICE MERIT BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020**

Usually, digests of compliance reports released by the Auditor General include certain key expenditure statistics and receipts processed at the auditee. We have issued an adverse opinion on the Board's compliance with specified requirements regarding its expenditures and receipts. As a result, this information is not included.

BOARD DIRECTOR
During Examination Period: Mr. Jack Garcia Currently: Ms. Emily Fox (effective 10-19-21)

**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:

Group insurance cost not remitted

- Thirty-one of 51 (61%) payroll vouchers tested, totaling \$1,584,016, were paid from the State Police Merit Board Public Safety Fund (Fund 0166), a special State fund, but did not include applicable employer group insurance cost remittance, required to be paid to the Department of Central Management Services (DCMS).

Overtime not approved

- During testing of five employees, we noted the following:
 - Three (60%) employees were paid for overtime hours, totaling \$22,475, which were not approved by the Executive Director.
 - For two (40%) employees, the amount of paid overtime did not agree to the amount of overtime worked. The differences totaled an overpayment of \$526 and an underpayment of \$458.

Overtime paid did not agree to overtime worked

Inadequate policy for paying overtime

- The Board does not have an adequate policy for paying overtime and/or granting compensatory time to ensure overtime compensation was for time worked. Specifically, the policy has not been updated since 2014, does not specify the job titles which are allowed payment of overtime, and does not have adequate controls to ensure overtime compensation was for time actually worked.

Leave time not approved

- Three (60%) employees used leave time, totaling 169 hours, which was not approved by the Executive Director. The leave time included sick, personal, vacation, and compensatory time.

Monthly attendance records did not agree to annual records

- For two (40%) employees, attendance records did not agree from the monthly attendance sheets to the annual attendance report.

- Form I-9 not retained**

 - Two (40%) employee files tested did not contain a U.S. Citizenship and Immigration Service (USCIS) I-9 Employment Eligibility Verification Form (Form I-9).

- Fringe benefit for personal use of vehicle not included in taxable income**

 - One (20%) employee did not have fringe benefit value for the personal use of a State vehicle included in their employee taxable income during two quarters of the examination period.

- Signed application not retained**

 - One (20%) employee file did not include a signed employment application. In addition, the education section of the employee's application was incomplete.

- Leave of absence form not retained**

 - For one of three leaves of absence tested, the leave of absence authorization form was not retained in the employee's personnel file.

- Inaccurate Agency Workforce Reports**

 - During the testing of *Agency Workforce Reports* (Report), we noted the following:
 - Inaccurate information was included on the Fiscal Year 2018 and Fiscal Year 2019 Reports. The Reports included inaccurate classifications of professional employees and incorrect percentages.
 - The Board did not file its Fiscal Year 2018 Report with the Office of the Governor.
 - The Board did not file a corrected Report for Fiscal Year 2017 with the Secretary of State and Office of the Governor within 30 days of release of the prior compliance report.

- Annual training not performed**

 - During the testing of the Board's training policies, we noted Board employees with access to social security numbers in the course of performing their duties were not annually trained in the protection and the confidentiality of social security numbers. (Finding 1, pages 10-15)

We recommended the Board strengthen controls over personal services to ensure the proper approvals and reporting.

Board agreed with recommendation The Board agreed with the finding and is taking actions to remediate the issues noted.

VOUCHER PROCESSING WEAKNESSES

The Board did not exercise adequate controls over voucher processing.

During testing of non-payroll expenditures, we noted the following:

- Vouchers could not be located**
 - Sixteen of 153 (10%) vouchers selected for testing, totaling \$57,448, were unable to be located by the Board. As a result, we were unable to determine if the supporting documentation was proper or if the vouchers were approved and paid timely.
- Vouchers not approved timely**
 - Fifty-one of 153 (33%) vouchers tested, totaling \$703,497, were not approved within 30 days of receipt. The vouchers were approved between 1 and 390 days late.
- Invoices not vouchered for payment timely**
 - For 11 of 153 (7%) vouchers tested, totaling \$5,718 the invoices were not vouchered for payment within 30 days of receipt. Invoices were processed between 13 and 278 days late.
- Invoices not date stamped**
 - For 7 of 153 (5%) vouchers tested, totaling \$12,546, the related invoices were not date stamped when received by the Board. As a result, the auditors were unable to determine if the invoices were approved within 30 days after receipt of the bill or goods/services.
- Interest not paid to vendors**
 - For 17 of 153 (11%) vouchers tested, totaling \$339,198, the Board failed to pay prompt payment interest due to vendors, totaling \$16,633.
- Incorrect detail object codes used**
 - Forty-eight of 153 (31%) vouchers tested, totaling \$198,772, were coded with the uncorrected Statewide Accounting Management System (SAMS) detail object code.
- Detail object codes used conflicted with support**
 - During the reconciliation of the Board's expenditure records to the Office of Comptroller's (Comptroller) reports, we found 3 of 153 (2%) vouchers tested, totaling \$37,011, had conflicting SAMS detail object codes when compared between the Board's expenditure records and the Comptroller's data.
- Invoices paid from incorrect fiscal year**
 - Four of 153 (3%) vouchers tested, totaling \$59,960, included invoices for services provided during a different fiscal year appropriation from which the voucher was being paid. The combined amount paid from the incorrect fiscal year totaled \$18,815. In

addition, two of 153 (1%) vouchers tested, totaling \$5,907, were not paid from the correct fiscal year.

Support for purchases not provided

- The support for 7 of 153 (5%) vouchers tested, totaling \$5,797, did not include vehicle charge tickets. As a result, we were unable to determine the specific details of the purchases and if the purchases were reasonable. Specifically, we were unable to determine if the purchase was for a Board vehicle, the date and quantity purchased, or the employee who made the purchase.

Duplicate payments we made

- Four of 153 (3%) vouchers tested, totaling \$6,828, were duplicate payments for the same expense, resulting in total overpayment of \$3,414. No documentation was provided to support the Board pursued repayment of funds. (Finding 2, pages 16-19)

We recommended the Board strengthen controls over voucher processing.

Board agreed with recommendation

The Board agreed with the recommendation.

OTHER FINDINGS

The remaining findings pertain to inadequate controls over contracts, petty cash, property, procedures, information systems, reconciliations, and travel. We will review the Board's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Board for the two years ended June 30, 2020, as required by the Illinois State Auditing Act. Because of the effect of noncompliance described in Findings 2020-001 through 2020-005, the accountants stated the Board did not materially comply with the requirements described in the report.

This compliance examination was conducted by the Office of the Auditor General's staff.

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:SDW