

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2020

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

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BOARD OFFICIALS

Director (10/19/2021 – Present)	Ms. Emily Fox
Director (Acting) (10/01/2021 – 10/18/2021)	Ms. Emily Fox
Director (07/01/2018 – 09/30/2021)	Mr. Jack Garcia
Director (Acting) (02/02/2020 – 06/26/2020)	Mr. Daniel Dykstra
Fiscal Officer (Acting) (02/02/2020 – Present)	Ms. Emily Fox
Fiscal Officer (07/01/2018 – 7/21/2020)	Ms. Jenny Thornley
Legal Counsel	Mr. Daniel Dykstra

BOARD OFFICERS

Chair of the Board (12/13/2021 – Present)	Mr. Michael Clark
Chair of the Board (10/30/2021 – 12/12/2021)	Vacant
Chair of the Board (05/15/2021 – 10/29/2021)	Mr. Andrew Berlin
Chair of the Board (07/01/2018 – 05/14/2021)	Mr. Reeve Waud
Secretary of the Board (07/01/2018 – Present)	Mr. James Riley

BOARD MEMBERS

Member (07/01/2018 – Present)	Mr. James Riley
Member (07/01/2018 – 05/17/2019; 07/29/2019 – 10/29/2021)	Mr. Andrew Berlin
Member (07/01/2018 – 07/29/2019)	Mr. Richard Porter
Member (07/02/2018 – 07/28/2019)	Mr. Greg Hass
Member (07/29/2019 – Present)	Ms. Nancy Maldonado
Member (06/28/2019 – 11/19/2021)	Mr. Eddie Lee Warren
Member (10/18/2021 – Present)	Ms. Karen McNaught
Member (11/22/2021 – Present)	Mr. Michael Clark

BOARD OFFICE

The State Police Merit Board's primary administrative office is located at:

531 Sangamon Avenue East
Springfield, Illinois 62702

Michael A. Clark
Chairman



Emily E. Fox
Executive Director

MANAGEMENT ASSERTION LETTER

January 19, 2022

Honorable Frank J. Mautino
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

Auditor General Mautino:

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 (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 Board's compliance with the following assertions during the two-year period ended June 30, 2020. Based on this evaluation, we assert that during the years ended June 30, 2019, and June 30, 2020, the Board has materially complied with the specified requirements listed below.

- A. The 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 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 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 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 Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, State Police Merit Board

SIGNED ORIGINAL ON FILE

Ms. Emily Fox, Director

SIGNED ORIGINAL ON FILE

Mr. Daniel Dykstra, Legal Counsel

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

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 contains an adverse opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	9	2
Repeated Findings	2	0
Prior Recommendations Implemented or Not Repeated	0	2

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2020-001	10	2018/2018	Inadequate controls over personal services	Material Weakness and Material Noncompliance
2020-002	16	2018/2018	Voucher processing weaknesses	Material Weakness and Material Noncompliance
2020-003	20	New	Inadequate controls over contracts	Material Weakness and Material Noncompliance
2020-004	23	New	Inadequate controls over petty cash	Material Weakness and Material Noncompliance

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STATE POLICE MERIT BOARD
STATE COMPLIANCE EXAMINATION
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SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2020-005	27	New	Property control weaknesses	Material Weakness and Material Noncompliance
2020-006	33	New	Procedural deficiencies	Significant Deficiency and Noncompliance
2020-007	36	New	Inadequate controls over information systems	Significant Deficiency and Noncompliance
2020-008	38	New	Inadequate controls over reconciliations	Significant Deficiency and Noncompliance
2020-009	40	New	Inadequate controls over travel	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on January 14, 2022.

Attending were:

State Police Merit Board
Emily Fox, Director
Daniel Dykstra, Legal Counsel

Office of the Auditor General
Stephanie Wildhaber, Audit Manager
Christian Cortes, Audit Supervisor
Andrea Alderman, Staff Auditor
Maggie Sabo, Staff Auditor

The responses to the recommendations were provided by Daniel Dykstra, Legal Counsel, in a correspondence dated January 19, 2022.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

**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

and

Governing Board
State of Illinois, State Police Merit Board

Compliance

We have examined compliance by the State of Illinois, State Police Merit Board (Board) with the specified 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, 2020. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The 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 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 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 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 Board on behalf of the State or held in trust by the 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*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

Our examination disclosed material noncompliance with the specified requirements during the two years ended June 30, 2020. As described in items 2020-001 through 2020-009 in the accompanying Schedule of Findings, the Board did not comply with the specified requirements. Items 2020-001 through 2020-005 are each considered to represent material deviations with the specified requirements. As described in the accompanying Schedule of Findings as items 2020-001 through 2020-004, the Board had not 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. As described in the accompanying Schedule of Findings as items 2020-001 through 2020-005, the Board had not 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. As described in the accompanying Schedule of Findings as items 2020-001 through 2020-005, the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in the accompanying Schedule of Findings as item 2020-004, the Board had not ensured the State revenues and receipts collected by the Board were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law. As described in the accompanying Schedule of Findings as item 2020-004, money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board had not been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Items 2020-006 through 2020-009 individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material deviations with the specified requirements.

In our opinion, because of the significance and pervasiveness of the material deviations from the specified requirements described in the preceding paragraph, the Board did not comply with the specified requirements during the two years ended June 30, 2020, in all material respects.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-001 through 2020-005 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention

by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-006 through 2020-009 to be significant deficiencies.

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

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

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. 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 the Board's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2020, and June 30, 2019, in Schedules 1 through 6 and the Analysis of Operations section are presented for purposes of additional analysis. Such information is the responsibility of Board management. Because of the significance of the matters described in the accompanying Schedule of Findings as items 2020-001 through 2020-009, it is inappropriate to, and we do not, express an opinion on the supplementary information referred to above.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
January 19, 2022

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020

2020-001. **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:

- 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).

The State Employees Group Insurance Act of 1971 (5 ILCS 375/11) requires the Board, which has employees 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.

- 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.

The Board's Overtime and Compensatory Time Policy and Timekeeping Policy require overtime be approved by the Executive Director.

- 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.
- 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.

STATE OF ILLINOIS
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SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
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2020-001. **FINDING** (Inadequate controls over personal services) – Continued

The Board's Timekeeping Policy requires leave time taken to be approved by the Executive Director.

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

The Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) requires an entity hiring an individual for employment in the United States to attest, under penalty of perjury and on a form designated or established by the Attorney General by regulation, that it has verified the individual is not an unauthorized alien. Such attestation is required to be made by completing Form I-9. USCIS instructions for Form I-9 requires Section 1 to be completed no later than the first day of employment. The employer is also required to retain each employee's completed I-9 form for as long as the individual remains employed for the employer and for a specified period after employment has ended. Once the individual's employment ends, the employer must retain the I-9 form and attachments for either three years after the date of hire or one year after the date employment ended, whichever is later.

- 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.

The Office of Comptroller's (Comptroller) Payroll Bulletin 3-85 requires the Board to treat the fair market value of employee personal use of State vehicles as a taxable fringe benefit to be included in the employee's income. The taxable income derived by the employee for personal use of a State vehicle is calculated at a rate of \$3 per working day.

- One (20%) employee file did not include a signed employment application. In addition, the education section of the employee's application was incomplete.
- For one of three leaves of absence tested, the leave of absence authorization form was not retained in the employee's personnel file.

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SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020

2020-001. **FINDING** (Inadequate controls over personal services) – Continued

The State Records Act (5 ILCS 160/8) requires the Board to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.

- 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 State Employment Records Act (Act) (5 ILCS 410/15(a)(v)) requires the Board to report the number and percentages of persons employed by the agency. Further, the Act requires the Board to report the total number of persons employed within the Board's workforce as professionals and the percentage of those positions held by women, minorities, and persons with physical disabilities. The Act (5 ILCS 410/10(e)) defines "professional employees" as a person employed to perform employment duties requiring academic training, evidenced by a graduate or advanced degree from an accredited institution of higher education, and who, in the performance of those employment duties, may only engage in active practice of the academic training received when licensed or certified by the State of Illinois.

- The Board did not file its Fiscal Year 2018 Report with the Office of the Governor.

The Act (5 ILCS 410/20) requires the Board to file an annual Report with the Secretary of State and the Governor by January 1 of each year.

- 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.

The Illinois State Auditing Act (30 ILCS 5/3-2.2) requires the Board to prepare and file corrected workforce reports with the Secretary of State and the Office of the Governor within 30 days of the release of the report.

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SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020

2020-001. **FINDING** (Inadequate controls over personal services) – Continued

- 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.

The Identity Protection Act (5 ILCS 179/37(a)(2)) requires all employees of the Board identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure resources are utilized efficiently, effectively, and in compliance with applicable law; obligations and costs are in compliance with applicable law; funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; and expenditures, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State’s resources.

During the prior examination period, Board officials indicated issues noted were due to oversight, incorrect formulas within timesheets, and clerical errors. During the current examination, Board officials indicated the issues noted above were due to employee error.

Failure to remit employee costs for group insurance represents noncompliance with State law. In addition, failure to maintain proper records and obtain proper approvals represents noncompliance with Board policies and State statute and could lead to inaccurate timekeeping reports or the State paying for services not actually rendered. Failure to implement adequate policies for overtime and training could result in improper payroll expenditures and improper handling of confidential information, respectively. Inadequate controls over the *Agency Workforce* could deter efforts by State officials, administrators, and residents to achieve a more diversified State workforce and represents noncompliance with State laws. (Finding Code No. 2020-001, 2018-001)

RECOMMENDATION

We recommend the Board ensure:

- applicable employer group insurance cost remittance is included in payroll vouchers and paid to DCMS;

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2020-001. **FINDING** (Inadequate controls over personal services) – Continued

- overtime is properly approved, records are properly and accurately maintained, and an adequate policy is adopted for granting and paying overtime;
- leave time is properly approved;
- attendance records are properly maintained and accurate;
- a Form I-9 is properly maintained for each employee;
- fringe benefits for the personal use of a State vehicle are included in the employee’s taxable income;
- a complete and signed employment application is maintained for each employee;
- leave of absence authorization forms are maintained in personnel files;
- *Agency Workforce Reports* are accurate and properly submitted to the Office of the Governor and Secretary of State as required;
- corrected *Agency Workforce Reports* are filed with the Secretary of State and Office of the Governor as required by the Illinois State Auditing Act (30 ILCS 5/3-2.2); and,
- Employees are annually trained in the protection and confidentiality of social security numbers.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board began taking actions to remediate these findings as it was made aware of them during the examination.

The Board began remitting the applicable group insurance cost on the 5/16-31/2021 payroll period and has continued to do so.

The Board has adopted an overtime policy to address these findings and reminded employees of the requirement to receive approval prior to commencing overtime work. Employees are now required to submit a written request for approval of overtime at least weekly to ensure accurate timekeeping.

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2020-001. **FINDING** (Inadequate controls over personal services) – Continued

The Board adopted an attendance policy to address these findings and reminded employees of the requirement to receive prior written approval for the use of benefit time. The Board has implemented procedures to segregate the collection and review of timekeeping documents and the processing of payroll to ensure accurate record keeping and payment.

The Board has adopted a revised identity protection policy requiring annual training in the protection and confidentiality of social security numbers.

While fully accepting the audit’s findings and recommendations, the Board believes some portion of this finding is related to the poor performance and/or misconduct of a former employee. The former employee was responsible for the maintenance of personnel records, maintenance of timekeeping records, and payroll processing functions. The Board accepts responsibility for the failures noted in this finding, but believes its current policies and procedures will prevent these and similar abuses in the future.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020

2020-002. **FINDING** (Voucher processing weaknesses)

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

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

- 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.
- 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.
- 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.
- 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/service.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70) requires the Board 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 physically receiving the bills.

- For 17 of 153 (11%) vouchers tested, totaling \$339,198, the Board failed to pay prompt payment interest due to vendors, totaling \$16,633.

The State Prompt Payment Act (Act) (30 ILCS 540/3-2(1.05)) states any bill approved for payment must be paid within 90 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 90-day period, an interest penalty of 0.033% per day outstanding is applied, until the final payment is made. In addition, the Act (30 ILCS 540/3-2(2)) requires the Board to automatically pay interest penalties amounting to \$50 or more to the appropriate vendor. The Act also states interest due to a vendor that amounts to greater than \$5 and less than \$50 shall not be paid but shall be accrued until all interest due to the vendor exceeds \$50, except interest accrued as of the end of the fiscal year that does not exceed \$50 shall be payable at fiscal year-end.

STATE OF ILLINOIS
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2020-002. **FINDING** (Voucher processing weaknesses) – Continued

- Forty-eight of 153 (31%) vouchers tested, totaling \$198,772 were coded with the incorrect Statewide Accounting Management System (SAMS) detail object code.
- 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.

SAMS (Procedure 11.10.50) states the purpose of the SAMS detail object code is to report expenditure information at a more refined level within a common object. In addition, good internal controls require a thorough review of vouchers and comparison to support to ensure accuracy prior to approving the voucher payment.

- 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.

The State Finance Act (30 ILCS 105/25) requires all appropriations to be available for expenditure for the fiscal year or for a lesser period if the Act making that appropriation so specifies.

- 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.

SAMS (Procedure 17.10.20) requires the Board to maintain all supporting documentation necessary to substantiate its encumbrances, expenditures, and other transactions.

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

STATE OF ILLINOIS
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SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
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2020-002. **FINDING** (Voucher processing weaknesses) – Continued

The State Records Act (5 ILCS 160/8) requires the Board to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities. In addition, the Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure resources are utilized efficiently, effectively, and in compliance with applicable law; obligations and costs are in compliance with applicable law; funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; and expenditures, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

During the prior examination, Board officials indicated the lack of timely approval and proper bill documentation were due to competing priorities while the remaining issues were due to clerical errors and oversight. During the current examination, Board officials indicated the issues noted above were due to staff error.

Failure to maintain adequate documentation increases the risk the Board's financial records will contain inaccuracies whether due to fraud or error. Inadequate controls 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 pay interest. Failure to pay interest due to vendors represents noncompliance with State law. Inaccurate detail object codes reduces the overall control over expenditures and could lead to inaccurate State reporting. Duplicate payments resulted in unnecessary expenditures and represent inadequate controls. (Finding Code No. 2020-002, 2018-002)

RECOMMENDATION

We recommend the Board:

- properly maintain vouchers and supporting documentation;
- timely process and approve vouchers for payment;
- document the date invoices are received;
- pay interest to vendors when due;

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2020-002. **FINDING** (Voucher processing weaknesses) – Continued

- ensure vouchers are coded with the correct SAMS detail object code and agree to Comptroller data;
- review invoices to ensure payments are made from the correct fiscal year; and,
- strengthen controls to ensure duplicate payments are not made.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board has implemented new procedures consistent with the recommendations to address this finding.

While fully accepting the audit’s findings and recommendations, the Board believes some portion of this finding is related to the poor performance and/or misconduct of a former employee. The former employee was responsible for the processing of voucher payment and maintenance of related records. Upon the former employee’s departure and during this examination, the Board uncovered evidence of misconduct by the employee in the processing of vouchers. The Board accepts responsibility for the failures noted in this finding, but believes its current policies and procedures will prevent these and similar abuses in the future.

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2020-003. **FINDING** (Inadequate controls over contracts)

The State Police Merit Board (Board) did not have adequate controls over contracts during the examination period.

During testing, we noted the Board did not maintain a complete list of contract agreements. During the examination, we requested the Board provide a list of contract agreements in effect during the two years ended June 30, 2020. The Board was able to provide copies of certain contract agreements, but was unable to determine if all contracts in effect during the examination period were included.

The State Records Act (5 ILCS 160/9) requires the Board to establish and maintain a program for agency records management, which shall include effective controls over maintenance of records. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are used efficiently, effectively, and in compliance with applicable law and revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Due to these conditions, the auditors were unable to conclude whether the Board's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Board's contract agreements.

Although the population limitations noted above hindered our ability to conclude whether the selected sample was representative of the population as a whole, we selected a sample of four contracts for testing and noted:

- The Board was unable to provide supporting documentation for one (25%) contract tested, totaling \$543,100. Documentation missing included the following certifications:
 - Drug free workplace certification (30 ILCS 580/3 through 580/4)
 - International anti-boycott certification (30 ILCS 582/5)
 - Approval by the Attorney General (5 ILCS 350/1)
 - Contractor's/Lessor's Federal Taxpayer Identification Number and Legal Status Disclosure certification
 - The maximum or estimated amount to be paid, if applicable
 - Execution data/beginning and ending dates

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2020-003. **FINDING** (Inadequate controls over contracts) – Continued

The Statewide Accounting Management System (SAMS) (Procedure 15.10.20 and 15.20.50) requires contracts and leases to contain certain signatures, clauses, and certifications. In addition, the State Records Act (5 ILCS 160/8) requires the head of the Board to cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of person directly affected by the agency’s activities.

- For 3 (75%) contracts tested, totaling \$288,865, the Board was unable to provide supporting documentation of their request to receive approval of a Late Filing Affidavit from the Treasurer.

The Illinois Procurement Code (30 ILCS 500/20-80) states no voucher shall be submitted to the Office of Comptroller (Comptroller) for a warrant to be drawn for the payment of money from the State treasury or from other funds held by the State Treasurer on account of any contract unless the contract is reduced in writing before the services are performed and filed with the Comptroller. A chief procurement officer may request an exception to this subsection by submitting a written statement to the Comptroller and Treasurer setting forth the circumstances and reasons why the contract could not be reduced to writing before the supplies were received or services were performed. A waiver of this subsection must be approved by the Comptroller and Treasurer.

- One (25%) contract tested, totaling \$176,125, was procured under a competitive award code; however, the Board did not make this competitive contract available on the public procurement file; therefore, auditors were unable to determine if it contained disclosures of financial interest statements.

For competitive sealed biddings, the Illinois Procurement Code (30 ILCS 500/20-10(c)) requires public notice of the invitation for bids to be published in the Illinois Procurement Bulletin at least 14 calendar days before the date set in the invitation for open bids.

Board officials indicated the issues noted above were due to staff error.

Failure to maintain documentation could result in confusion between the Board and its vendors concerning responsibilities, amounts due, or the term of the contract

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2020-003. **FINDING** (Inadequate controls over contracts) – Continued

which could subject the Board to the risk of litigation. (Finding Code No. 2020-003)

RECOMMENDATION

We recommend the Board:

- maintain a complete list of contractual agreements;
- ensure contracts are complete and contain the proper certifications;
- maintain supporting documentation for contracts; and,
- maintain supporting documentation showing the contract was published on the Illinois Procurement Bulletin.

BOARD RESPONSE

The Board agrees and accepts all recommendations.

While fully accepting the audit’s findings and recommendations, the Board believes some portion of this finding is related to the poor performance and/or misconduct of a former employee. The former employee was assigned as the Agency Procurement Officer and was responsible for overseeing the procurement processes. The Board accepts responsibility for the failures noted in this finding. The Board will review its current policies and procedures to determine what changes, if any, should be made to prevent these and similar findings in the future.

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2020-004. **FINDING** (Inadequate controls over petty cash)

The State Police Merit Board (Board) did not maintain adequate controls over its petty cash fund.

The Board maintained a petty cash fund of \$600. Of the petty cash fund balance, \$500 is maintained in a checking account and \$100 is kept in cash.

During testing, we noted the following:

- The Board did not maintain a proper segregation of duties over the petty cash fund. During Fiscal Year 2019 and Fiscal Year 2020, we noted the custodian of the Board’s fund performed multiple responsibilities of the current transaction cycle, including authorization, custody, recordkeeping, and reconciliation.

The Statewide Accounting Management System (SAMS) (Procedure 09.10.40) states someone other than the custodian should examine the petty cash vouchers and approve reimbursement to the Petty Cash Fund.

- The Board did not maintain their petty cash fund on an imprest basis during Fiscal Year 2019 and Fiscal Year 2020.

SAMS (Procedure 09.10.40 (IV.E.2)) requires the Fund be maintained accordingly; cash on hand or in bank plus vendor’s invoices/petty cash vouchers plus reimbursement vouchers in transit must equal the amount of the established fund at all times.

- The Board did not maintain a cash receipts and disbursements journal for their entire petty cash fund during Fiscal Year 2019 and Fiscal Year 2020.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Due to these conditions, the auditors were unable to conclude the Board’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35) to test the Board’s compliance with petty cash laws and regulations.

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2020-004. **FINDING** (Inadequate controls over petty cash) – Continued

Although the population limitations noted above hindered our ability to conclude whether the selected sample was representative of the population as a whole, we selected a sample of receipts and disbursements and performed testing:

During petty cash fund receipt testing, we noted:

- For 6 of 10 (60%) receipts tested, totaling \$2,957, the custodian of the fund also reviewed and approved reimbursements to the petty cash fund.

SAMS (Procedure 09.10.40) states someone other than the custodian should examine the petty cash vouchers and approve reimbursement to the petty cash fund.

During petty cash fund disbursement testing, we noted:

- Two of 78 (3%) disbursements tested, totaling \$117, constituted stringing. Individually these disbursements are less than \$100 but exceeded \$100 as an overall order. Purchases were made the same day at the same location.
- One of 78 (1%) disbursements tested, totaling \$21, was a payment for a monthly service bill.

SAMS (Procedure 09.10.40) states payment for individual orders for goods or services amounting to \$100 or more are not to be made from the petty cash fund. “Stringing” of payments to the same vendor (individually less than \$100 but exceeding \$100 in an individual order) is not an approved use of the petty cash fund. Additionally, SAMS (Procedure 09.10.40) states the use of a petty cash fund should not eliminate or reduce the agency’s efforts in obtaining monthly billing agreements with suppliers of small purchases.

During testing of the *Annual Petty Cash Fund Usage Report* (Form C-18), we noted:

- The Board did not attach an explanation to the Calendar Year 2019 Form C-18 stating why the current level of the fund is needed. In addition, the Board’s petty cash fund turnover did not meet the threshold for proper dollar level in Fiscal Year 2020, requiring them to provide an explanation.

SAMS (Procedure 09.10.40) states on an annual basis the Petty Cash Fund should turn over approximately six times in order to ensure the proper dollar level of the fund. If the turnover rate is less than six times annually

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2020-004. **FINDING** (Inadequate controls over petty cash) – Continued

and the custodian wishes to maintain the current fund level, they must attach an explanation to the Form C-18, when filed, stating why the current level of the fund is needed.

- The Board excluded all (15) cash disbursements, totaling \$394, from their Calendar Year 2018 Form C-18. Additionally, four check disbursements, totaling \$257, were excluded from their Calendar Year 2019 Form C-18.

SAMS (Procedure 09.10.40) states the Form C-18 contains a vital calculation of the "Petty Cash Turnover Rate." This rate is arrived at by taking the annual disbursements and dividing them by the approved level of the fund. Additionally, good business practices require sufficient and properly designed accounting records to be maintained to adequately control fiscal operations and provide reliable data for necessary management reports.

- The Board did not file their Form C-18s for transactions during the prior calendar year with the Office of Comptroller (Comptroller) in a timely manner. The Fiscal Year 2019 Form C-18 was filed 8 days late and the Fiscal Year 2020 Form C-18 was not filed.

SAMS (Procedure 09.10.40) states the Form C-18 should be filed with the Comptroller's Office no later than January 31 for the preceding calendar year.

Board officials indicated the issues noted above were due to oversight.

Inadequate controls over the petty cash fund represents noncompliance with State laws and regulations, which could result in errors or other irregularities not being detected in the normal course of business. (Finding Code No. 2020-004)

RECOMMENDATION

We recommend the Board:

- maintain a proper segregation of duties over petty cash;
- maintain their petty cash fund on an imprest basis;
- maintain a cash receipts and disbursements journal for their entire petty cash fund;

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2020-004. **FINDING** (Inadequate controls over petty cash) – Continued

- ensure disbursements do not result in stringing and are in accordance with policies;
- ensure the Board’s petty cash fund turnover meets the threshold for proper dollar level and provide required explanations if an increased level is necessary;
- ensure cash disbursements are included on the Form C-18; and,
- ensure the Form C-18 is submitted to the Comptroller on a timely basis.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board will review whether it is prudent to maintain a petty cash fund. The Board will review its policies and procedures to ensure all requirements are met going forward.

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2020-005. **FINDING** (Property control weaknesses)

The State Police Merit Board (Board) did not exercise adequate controls over the recording and reporting of State property.

During testing, we noted the listing of equipment items added during the examination period provided by the Board did not contain six equipment additions, totaling \$42,286. We also noted the listing of equipment items deleted during the examination period provided by the Board did not contain one equipment deletion, totaling \$19,000.

Due to this condition, the auditors were unable to conclude if the Board's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Although the population limitations noted above hindered our ability to conclude whether the selected sample was representative of the population as a whole, we selected a sample of equipment additions and deletions for testing and noted the following:

- For 51 of 51 (100%) additions selected for testing, totaling \$51,620, we could not determine if items were added to the inventory listing in a timely manner as the Board's property listing did not contain the date item was added.
- For 48 of 51 (94%) additions selected for testing, totaling \$13,488, the Board was unable to provide the applicable vouchers. As such, we were unable to determine if the equipment items were recorded net of discount or if freight and installation charges were added to the item's value.
- For one of one (100%) deletion selected for testing, totaling \$19,000, we were unable to determine if the item was deleted from the inventory listing in a timely manner as the Board was unable to provide documentation regarding the item's removal.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.400) requires the Board to properly adjust records within 30 days of the acquisition up until May 2, 2019, and 90 days of the acquisition of equipment items after May 3, 2019. In addition, the State Records Act (5 ILCS 160/8) requires the head of the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the

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2020-005. **FINDING** (Property control weaknesses) – Continued

agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

- During our testing of list to floor, we noted the following:
 - Three of 51 (6%) items tested, totaling \$30,665, were not marked with a unique identification number.

The Code (44 Ill. Admin. Code 5010.210(c)) requires equipment with a value that is greater than the nominal value and equipment that is subject to theft with a value less than that nominal value must be marked with a unique identification number to be assigned by the agency holding the property.

- During our testing of floor to list, we noted the following:
 - One of 51 (2%) items tested, totaling \$33,830, was not marked with a unique identification number.

The Code (44 Ill. Admin. Code 5010.210(c)) requires equipment with a value that is greater than the nominal value and equipment that is subject to theft with a value less than that nominal value must be marked with a unique identification number to be assigned by the agency holding the property.

- We noted multiple instances of obsolete and unused equipment stored at the Board's location. In addition, the Board's listing of property items awaiting surplus did not include multiple items which appeared to be obsolete and unused.

The Code (44 Ill. Admin. Code 5010.600) defines transferable equipment as State-owned equipment which is no longer needed and/or is not useful to the Board. Further, the Code (44 Ill. Admin. Code 5010.620) requires the Board to regularly survey its inventory to identify transferable equipment and report it to the Property Control Division at the DCMS. In addition, the Statewide Accounting Management Systems Manual (SAMS) (Procedure 29.10.10) states assets which are obsolete, damaged, or no longer used in operations should be identified and, if necessary, removed from the Board's asset records. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001(4)) requires the Board to maintain a systems, or systems, of internal fiscal and administrative controls to provide assurance that

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2020-005. **FINDING** (Property control weaknesses) – Continued

transfers of assets applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

- During telecommunication device testing, we noted the property listing provided by the Board did not contain the six mobile devices utilized by the Board during the examination period. Therefore, the Board-provided property listing was inaccurate.

Due to this condition, the auditors were unable to conclude the Board's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35). It also requires the practitioner to evaluate whether the information is sufficiently reliable for the practitioner's purpose, including, as necessary, the following: (a) obtaining evidence about the accuracy and completeness of the information; and (b) evaluating whether the information is sufficiently precise and detailed for the practitioner's purposes.

The State Property Control Act (30 ILCS 605/4) states every responsible officer of the State government shall be accountable to the administrator for the supervision, control and inventory of all property under his jurisdiction, provided that each responsible officer may, with the consent of the administrator, deputize one or more subordinates to carry out some or all of said responsible officer's duties under this Act.

- The Board did not mark small value equipment items as the property of the State of Illinois.

The Code (44 Ill. Admin. Code 5010.210) states the Board is responsible for marking each piece of State-owned equipment in their possession to indicate that it is the property of the State of Illinois.

- The Board did not have a policy clearly defining the categories of equipment considered subject to theft.

The Code (44 Ill. Admin. Code 5010.210(c)) states the Board is responsible for adopting policies clearly delineating categories of equipment considered to be subject to theft.

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2020-005. **FINDING** (Property control weaknesses) – Continued

- During the review of the Board's property listing, we noted the Illinois State Police is in possession of 41 of the Board's property items, totaling \$47,672. The Board did not have adequate control over that property. Specifically, the Board did not perform an annual inventory check of the items to determine if the items were in good condition, obsolete, or lost. In addition, the Board did not have procedures in place to make an assessment to determine if property should be moved back in the possession of the Board or transferred to the Illinois State Police permanently.

The State Property Control Act (30 ILCS 605/4) states every responsible officer of the State government shall be accountable to the administrator for the supervision, control and inventory of all property under his jurisdiction, provided that each responsible officer may, with the consent of the administrator, deputize one or more subordinates to carry out some or all of said responsible officer's duties under this Act.

- The Board did not prepare and file its Fiscal Year 2020 Annual Inventory Report with the Department of Central Management Services (DCMS).

The Code (44 Ill. Admin. Code 5010.460) requires the Board to provide a listing of all equipment items with value in excess of \$1,000 to the DCMS' Property Control Division on an annual basis.

- We were unable to verify a proper segregation of duties existed for the following processes regarding equipment. Specifically, the Board did not have clear procedures of how Annual Inventory Certifications were completed and filed during the examination period. In addition, one employee was in charge of the ordering, maintaining, and inventorying equipment.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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. In addition, good business practices require the Board maintain an adequate segregation of duties in order to help ensure the safeguarding of assets, prevent improper expenditures, and ensure the accuracy and reliability of accounting data.

- During our review of the Board's *Agency Report on State Property* (Form C-15) prepared during the examination period, we noted the following:

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2020-005. **FINDING** (Property control weaknesses) – Continued

- The Board did not submit five of eight (63%) Form C-15s in a timely manner. The Form C-15s were submitted between 1 and 83 days late.

SAMS (Procedures 29.20.10) requires Form C-15 to be filed on a quarterly basis with the Office of Comptroller (Comptroller) no later than the last day of the month following the last day of the quarter.

- The Board was unable to provide one of eight (13%) Form C-15s filed during the examination period.

The State Records Act (5 ILCS 160/8) requires the head of the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Board designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.

- The Board netted the additions and deletions amounts on one of eight (13%) Form C-15s instead of reporting them separately.

SAMS (Procedures 29.20.10) requires the Board to enter on the appropriate line, all deletions to each asset category that occurred during the quarter to be reported.

- The Board did not maintain adequate detailed supporting documentation for its Form C-15 filed with the Comptroller for Fiscal Year 2019 and Fiscal Year 2020. As of June 30, 2019 and 2020, the Board reported total property of \$337,104 and \$363,078, respectively.

- The total additions reported on the Board's Form C-15s were unable to be reconciled to the Comptroller's *Object Expense/Expenditure by Quarter Report* (Form SA02) for Fiscal Year 2020.

The State Property Control Act (30 ILCS 605/4) requires the Board be accountable for the supervision, control and inventory of all items under its jurisdiction and control. In addition, the SAMS (Procedure 29.10.30) states when Form C-15 is properly completed, it should present the total cost of State property, by category, reflected on the Board's records as of the reporting date and reconcile the beginning balance of State property to the ending balance.

Board officials indicated the issues noted were due to staff error and oversight.

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2020-005. **FINDING** (Property control weaknesses) – Continued

Failure to exercise adequate controls over property, maintain accurate property records, and file accurate reports timely represents noncompliance with State laws and regulations and increases the risk of loss, misappropriation, and potential for fraud and theft of State property. (Finding Code No. 2020-005)

RECOMMENDATION

We recommend the Board:

- ensure property records are timely updated for all additions and deletions;
- indicate small value equipment items as the property of the State of Illinois;
- develop a policy defining the categories of equipment considered subject to theft;
- develop procedures to track equipment in the possession of another State agency;
- prepare and file the Annual Inventory Report with DCMS;
- ensure a segregation of duties for the processing of equipment items; and,
- ensure Form C-15s and supporting documentation are accurately prepared, timely submitted, and properly maintained.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board will implement policies and procedures consistent with the recommendations.

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2020-006. **FINDING** (Procedural deficiencies)

The State Police Merit Board (Board) did not comply with certain procedural requirements established by State laws and regulations.

During testing, we noted the following:

- The Board did not timely file its Fiscal Year 2019 and Fiscal Year 2020 *Agency Fee Imposition Report* with the Office of Comptroller (Comptroller). The reports were filed 12 and 24 days late, respectively.

The Statewide Accounting Management System (SAMS) (Procedure 33.16.20) requires the Board to submit the *Agency Fee Imposition Report* to the Comptroller by August 1 of each year.

- The Board was unable to provide supporting documentation it prepared or filed its Fiscal Year 2020 inventory certification with the Department of Central Management Services (DCMS).

The State Property Control Act (30 ILCS 605/6.02) requires inventory certifications be submitted to DCMS on an annual basis. In addition, the Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.460) requires the Board to make an annual physical inventory of State equipment in its possession and to provide to DCMS, on an annual basis, a listing of all equipment items with a value greater than the nominal value, and equipment that is subject to theft with a value less than the nominal value. Further, it requires the Board to complete and sign the "Certification of Inventory" and "Discrepancy Report" and forward the completed certification, with a complete inventory listing, to DCMS.

- The Board was unable to provide supporting documentation it prepared or filed its Fiscal Year 2019 *Annual Real Property Utilization Report* with DCMS.

The State Property Control Act (30 ILCS 605/7.1(b)) requires the submission of an *Annual Real Property Utilization Report*, or annual update of such report, on forms required by DCMS by July 31 of each year. In addition, the State Records Act (5 ILCS 160/8) requires the head of the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

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2020-006. **FINDING** (Procedural deficiencies) – Continued

- For 6 of 24 (25%) months during the examination period, the Board failed to electronically submit a Debt Transparency Act report for the preceding month to Comptroller.

The State Finance Act (30 ILCS 105/9.08(a)) requires the Board to report on a monthly basis to Comptroller current State liabilities held at the agency and estimated accrued interest penalties. Each agency’s reported State liabilities are to be posted monthly on Comptroller’s public website. In addition, Comptroller’s Accounting Bulletin 214 provides instructions for completion of the monthly debt transparency report states the report is due by the 10th calendar day of the following month.

- The Board filed its Fiscal Year 2019 Fiscal Control and Internal Auditing Act (FCIAA) certification six days late and failed to file its Fiscal Year 2020 FCIAA with the Office of the Auditor General.

The FCIAA (30 ILCS 10/3003) requires the Board prepare and submit to the Auditor General by May 1 of each year a certification the systems of internal fiscal and administrative controls of the Board comply or do not comply with the Act.

- The Board failed to make and deliver a report with its acts and doings to the Governor for Fiscal Year 2018 and 2019.

The State Finance Act (30 ILCS 105/3) requires the Board to make and deliver an annual report of their acts and doings for the fiscal year at least 10 days prior to the convening of the General Assembly in the following calendar year.

Board officials indicated the issues noted were due to staff error and oversight.

Failure to submit statutorily required reports in a timely manner, or at all, and maintain supporting documentation prevents the appropriate oversight authorities from receiving relevant feedback for monitoring of programs and can have an effect on future decisions and reports. (Finding Code No. 2020-006)

RECOMMENDATION

We recommend the Board implement controls to ensure reports are accurately prepared and timely filed as required by State laws and regulations.

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2020-006. **FINDING** (Procedural deficiencies) – Continued

BOARD RESPONSE

The Board agrees and accepts the recommendation. The Board will implement policies and/or procedures consistent with the recommendation.

While fully accepting the audit’s findings and recommendations, the Board believes some portion of this finding is related to the poor performance and/or misconduct of a former employee. The former employee was responsible for preparing and submitting some or all of the reports listed. As the Board became aware of these findings, the Board worked to come into compliance. The Board accepts responsibility for the failures noted in this finding, and will enact policies and procedures to prevent these and similar findings in the future.

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2020-007. **FINDING** (Inadequate controls over information systems)

The State Police Merit Board (Board) did not maintain adequate internal controls over their information systems.

During testing, we noted:

- The Board’s disaster contingency plan had not been reviewed or tested during the examination period. The plan was last tested in 2016.

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorses the formal development and testing of disaster recovery plans. Testing of disaster recovery plans (and the associated documentation of the test results) verify that the plans, procedures, and resources provide the capability to recover essential systems within the required timeframe.

- The Board had not adopted a policy to protect and appropriately dispose of data not on State-owned equipment.
- The Board had not developed change management policies and procedures to control changes to the Recruitment Database and Promotion Test Declaration. In addition, programmers had access to the production environment and the capability to implement changes.
- The Board failed to create a mitigation plan in response to risk identified in their risk assessments.
- The Board failed to create a corrective action plan to remediate identified vulnerabilities.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data. In addition, generally accepted information technology guidance endorses the development and implementation of suitable change management procedures to control changes to computer

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020**

2020-007. **FINDING** (Inadequate controls over information systems) – Continued

systems. These procedures include restricting programmers from making a change and moving it into the production environment.

Board officials indicated the deficiencies noted were due to employee oversight.

The lack of internal controls over the Board’s information systems could lead to unidentified risk and vulnerabilities and the inability to timely and properly recover their applications and data. Further, the lack of internal controls over changes could result in unauthorized changes. (Finding Code No. 2020-007)

RECOMMENDATION

We recommend the Board:

- review and test disaster contingency plans;
- develop a policy to protect and dispose of data not on State-owned equipment;
- develop change management policies and procedures to control changes to systems and data;
- ensure programmers’ access is limited;
- create a mitigation plan in response to risk assessments; and,
- create a corrective action plan to remediate identified vulnerabilities.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board will implement policies and procedures consistent with the recommendations.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020

2020-008. **FINDING** (Inadequate controls over reconciliations)

The State Police Merit Board (Board) did not maintain adequate controls over its monthly reconciliations.

During testing, we noted the following:

- The Board was unable to produce reconciliations of its internal expenditure records to the Office of Comptroller’s (Comptroller) *Monthly Appropriation Status Report* (SB01), monthly *Object Expense/Expenditures by Quarter Report* (SA02), and monthly *Cash Report* (SB05) during Fiscal Year 2019 and Fiscal Year 2020. As a result, we noted a difference of \$39,400 between the Board’s Fiscal Year 2019 expenditure records and the Comptroller’s final SB01. The Board was unable to reconcile the difference.

The Statewide Accounting Management System (SAMS) (Procedure 11.40.20) requires the Board to reconcile appropriation expenditures monthly and notify the Comptroller of irreconcilable differences so the necessary corrective action can be taken to locate the differences and correct the accounting records. In addition, SAMS (Procedure 07.30.20) requires each agency reconcile their records to the SAMS system on a monthly basis, including the monthly SA02 and the monthly SB05.

- The Board was unable to produce reconciliations of its internal records to the Comptroller’s *Agency Contract* (SC14) reports or the *Obligation Activity* (SC15) reports during Fiscal Year 2019 and Fiscal Year 2020.

SAMS (Procedure 15.30.30) requires the Board to perform a monthly reconciliation of its contract activity to the SC14 or SC15 reports to ensure timely detection and correction of errors noted and to notify the Comptroller of any irreconcilable differences so corrective action can be taken to locate the differences and correct the accounting. These reconciliations must be performed within 60 days of the month end.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State’s resources.

Board officials indicated the issues noted were due to staff oversight.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020

2020-008. **FINDING** (Inadequate controls over reconciliations) – Continued

Failure to reconcile the Board’s records to the Office of Comptroller’s records represents noncompliance with SAMS and could result in incomplete or inaccurate financial information. (Finding Code No. 2020-008)

RECOMMENDATION

We recommend the Board implement controls to ensure reconciliations are performed timely and documented.

BOARD RESPONSE

The Board agrees and accepts the recommendation. The Board will implement policies and/or procedures consistent with the recommendation.

While fully accepting the audit’s findings and recommendations, the Board believes some portion of this finding is related to the poor performance and/or misconduct of a former employee. The former employee was responsible for preparing and submitting some or all of the reports listed. As the Board became aware of these findings, the Board worked to come into compliance. The Board accepts responsibility for the failures noted in this finding, and will enact policies and procedures to prevent these and similar findings in the future.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020

2020-009. **FINDING** (Inadequate controls over travel)

The State Police Merit Board (Board) did not exercise adequate controls over employee travel.

During testing of travel expenditures, we noted the following:

- Five of 51 (10%) vouchers tested, totaling \$1,966, included hotel charges over the allowable rate, resulting in overpayments totaling \$197.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 3000.410) states it is the responsibility of each employee to request the lowest available lodging rate at the time of making reservations.

- Fourteen of 51 (27%) vouchers tested, totaling \$4,828, included per diem reimbursements which were not calculated correctly, resulting in underpayments to travelers totaling \$188.

The Code (80 Ill. Adm. Code 3000.500) states per diem shall be based on the quarter system for computing the allowance for days or fractions thereof. The traveler shall be allowed one fourth of the allowance for each period of 6 hours or fraction thereof.

- Two of 51 (4%) vouchers tested, totaling \$808, included reimbursement for valet parking, resulting in overpayments of \$84.

Travel Update 15-04 states employees subject to the jurisdiction of the Governor’s Travel Control Board traveling to the City of Chicago on State business may spend up to \$30 per day on valet parking within the City of Chicago.

- For 2 of 51 (4%) vouchers tested, totaling \$685, the travelers did not use the most economical mode of transportation available, including an upgrade to a Business Class rail seat in the amount of \$22 and an airline ticket in the amount of \$63.

The Code (80 Ill. Admin. Code 3000.300) requires all travel to be by the most economical mode of transportation available.

- One of 51 (2%) vouchers tested, totaling \$289, included reimbursement for transportation expenses for the traveler’s spouse in the amount of \$30.

Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020

2020-009. **FINDING** (Inadequate controls over travel) – Continued

administrative controls to provide assurance funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

- For 2 of 51 (4%) vouchers tested, totaling \$510, the traveler approved their own reimbursement request for travel by signing the Agency Head’s name followed by their own signature.

The Code (80 Ill. Admin. Code 2800.250(b)) requires the voucher to be approved by the Agency Head of a designated representative, who shall sign the original of the voucher. In addition, good business practices require the Board maintain an adequate segregation of duties in order to help ensure the safeguarding of assets, prevent improper expenditures, and ensure the accuracy and reliability of accounting data.

- Five of 51 (10%) vouchers tested, totaling \$1,966, contained exceptions due to hotel rates being in excess of the allowable rate. However, these vouchers were not filed with the Governor’s Travel Control Board.

The State Finance Act (30 ILCS 105/12) requires any exception to the general restrictions of travel regulations to be filed with the applicable Travel Control Board.

- Two of 51 (4%) vouchers tested, totaling \$523, had hotel charges that exceeded the limit set by the Governor’s Travel Control Board. The Board did not contact hotels from the Preferred Hotel Listing as required by the Governor’s Travel Control Board. In addition, a notation was not made on the voucher indicating Board approval of the excess lodging amounts.

The Governor’s Travel Control Board states State agencies may process requests for excessive lodging charges without approval from the Governor’s Travel Control Board provided the request is in compliance with the travel rules. A request is considered in compliance if the specified number of hotels from the Preferred Hotel Listing are contacted, a note is placed in the “Comments” field of the travel voucher to reflect the Board’s approval, and the Board maintains documentation of the justification for all excessive lodging approvals.

- One of 51 (2%) vouchers tested, totaling \$2,318, was for out of state travel which was not pre-approved by the Governor’s Office of Management and Budget (GOMB).

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020

2020-009. **FINDING** (Inadequate controls over travel) – Continued

The Code (80 Ill. Admin. Code 2800.700) requires travel outside of Illinois to be approved by GOMB. All requests are to be submitted on GOMB’s on-line travel system (eTravel) at least 30 days in advance of the departure date.

- Sixteen of 51 (31%) vouchers tested, totaling \$2,975, did not include direct billed hotel charges.

The Code (80 Ill. Admin. Code 2800.260) requires direct billed items to be indicated on the travel voucher along with reimbursable items. The direct billed total is to be deducted from the cross-footed total with the balance being the amount to be reimbursed to the employee. In addition, the Statewide Accounting Management System (SAMS) (Procedure 17.20.10) states all reimbursable lodging expenses are to be entered into column 14. Additional comments or explanations (i.e. direct billings) should then be entered into box 31.

- For 6 of 51 (12%) vouchers tested, totaling \$1,414, the auditors were unable to verify the authenticity of the Executive Director’s signature.

The Code (80 Ill. Admin. Code 2800.240(f)) states the travel voucher shall be signed by the individual who has incurred the expense and his or her supervisor. Further, the Illinois Administrative Code (80 Ill. Admin. Code 2800.250(b)) states the voucher shall then be approved by the Agency Head of a designated representative, who shall sign the original of the voucher.

- The minimum amounts listed on the Board’s Certification of License and Automobile Liability Coverage do not reflect the current minimum amounts required by the Illinois Vehicle Code (625 ILCS 5/7-203). Specifically, the Board’s policy requires a minimum amount of \$20,000 for bodily injury to or death of any person in one motor vehicle accident, \$40,000 for bodily injury to or death of two or more persons in any one motor vehicle accident, and \$15,000 for injury to or destruction of property of others in any one motor vehicle accident. Per the Illinois Vehicle Code, required minimum amounts are \$25,000, \$50,000, and \$20,000, respectively.

Board management indicated the majority of the issues noted above were due to employee error and failure to follow protocol. Board management indicated the lack of segregation of duties is due to the small number of staff members.

Failure to maintain adequate internal controls over travel increases the likelihood of improper expenditures and represents noncompliance with State laws, rules, and regulations. (Finding Code No. 2020-009)

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2020**

2020-009. **FINDING** (Inadequate controls over travel) – Continued

RECOMMENDATION

We recommend the Board strengthen controls to ensure travel charges are within State laws and regulations. We also recommend the Board ensure proper insurance amounts are required on the Certification of License and Automobile Liability Coverage.

BOARD RESPONSE

The Board agrees and accepts the recommendation.

SCHEDULE 1

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Appropriations for Fiscal Year 2020

For the 15 Months Ended September 30, 2020

	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 15 Months Ended September 30	Balances Lapsed
		Expenditures Through June 30	Expenditures July 1 to September 30		
Public Act 101-0007					
FISCAL YEAR 2020					
<u>APPROPRIATED FUND</u>					
State Police Merit Board Public Safety Fund - 166					
Ordinary and Contingent Expenses	\$ 1,432,900	\$ 1,017,492	\$ 407,502	\$ 1,424,994	\$ 7,906
Cadet Program for State Police	\$ 3,000,000	\$ 2,958,191	-	\$ 2,958,191	\$ 41,809
Subtotal, Fund 166	<u>\$ 4,432,900</u>	<u>\$ 3,975,683</u>	<u>\$ 407,502</u>	<u>\$ 4,383,185</u>	<u>\$ 49,715</u>
GRAND TOTAL - ALL FUNDS	<u>\$ 4,432,900</u>	<u>\$ 3,975,683</u>	<u>\$ 407,502</u>	<u>\$ 4,383,185</u>	<u>\$ 49,715</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Office of Comptroller's records as of September 30, 2020, and have been reconciled to the Board records.
 Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the Office of Comptroller for payment to the vendor.

SCHEDULE 2

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Appropriations for Fiscal Year 2019

For the 16 Months Ended October 31, 2019

Public Act 100-0586 FISCAL YEAR 2019	Appropriations (Net of Transfers)	Expenditures Through June 30, 2019	Lapse Period		Total Expenditures 16 Months Ended October 31, 2019	Balances Lapsed
			Expenditures July 1 to October 31, 2019	Expenditures		
<u>APPROPRIATED FUND</u>						
State Police Merit Board Public Safety Fund - 166						
Ordinary and Contingent Expenses	\$ 1,432,900	\$ 881,650	\$ 187,783	\$ 1,069,433	\$ 363,467	
Cadet Program for State Police	\$ 2,000,000	\$ -	\$ 336,241	\$ 336,241	\$ 1,663,759	
Subtotal, Fund 166	<u>\$ 3,432,900</u>	<u>\$ 881,650</u>	<u>\$ 524,024</u>	<u>\$ 1,405,674</u>	<u>\$ 2,027,226</u>	
GRAND TOTAL - ALL FUNDS	<u>\$ 3,432,900</u>	<u>\$ 881,650</u>	<u>\$ 524,024</u>	<u>\$ 1,405,674</u>	<u>\$ 2,027,226</u>	

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Office of Comptroller's records as of October 31, 2019. Amounts could not be reconciled to the Board's records. The differences noted between the Office of Comptroller's and Board's records could not be explained by the Board. Therefore, this component is considered not examined and is reported as part of finding 2020-008.

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

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

<u>APPROPRIATED FUND</u>	FISCAL YEAR		
	2020	2019	2018
State Police Merit Board Public Safety Fund - 166			
Appropriations (Net of Transfers)	\$ 4,432,900	\$ 3,432,900	\$ 6,932,900
Expenditures			
Ordinary and Contingent Expenses	\$ 1,424,994	\$ 1,069,433	\$ 1,102,317
Cadet Program for State Police	\$ 2,958,191	\$ 336,241	\$ 2,488,880
Total Expenditures	\$ 4,383,185	\$ 1,405,674	\$ 3,591,197
Balances Lapsed	\$ 49,715	\$ 2,027,226	\$ 3,341,703
 <u>STATE OFFICERS' SALARIES</u>			
General Revenue Fund - 001 (State Comptroller)			
Expenditure Authority to Comptroller's Office for Merit Board Members' Salaries	\$ 118,500	\$ 118,500	\$ 118,500
Board Members' Salaries	\$ 68,002	\$ 37,920	\$ 49,770
Balances Lapsed	\$ 50,498	\$ 80,580	\$ 68,730

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Office of Comptroller's records as of September 30, 2020, and have been reconciled to the Board records.

Note 2: Appropriations, expenditures, and lapsed balances were obtained from the Office of Comptroller's records as of October 31, 2019. Amounts could not be reconciled to the Board's records. The differences noted between the Office of Comptroller's and Board's records could not be explained by the Board. This is reported as part of finding 2020-008.

Note 3: Expenditure amounts are vouchers approved for payment by the Board and submitted to the Office of Comptroller for payment to the vendor.

Note 4: The Board received appropriations during Fiscal Year 2020 from Public Act 101-0007. In addition, the Board received appropriations during Fiscal Year 2019 from Public Act 100-0586.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPARATIVE SCHEDULE OF NET EXPENDITURES
BY MAJOR ACTIVITY
 For the Fiscal Year Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>
EXPENDITURE STATISTICS			
All State Treasury Funds			
Total Operations Expenditures:	\$ 4,383,185	\$ 1,405,674	\$ 3,591,197
Percentage of Total Expenditures:	100.0%	100.0%	100.0%
Personal Services	2,161,057	413,319	1,850,713
Other Payroll Costs	1,516,882	190,935	1,301,078
All Other Operating Expenditures	705,246	801,420	439,406
GRAND TOTAL - ALL EXPENDITURES:	<u>\$ 4,383,185</u>	<u>\$ 1,405,674</u>	<u>\$ 3,591,197</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Office of Comptroller's records as of September 30, 2020, and have been reconciled to the Board records.

Note 2: Appropriations, expenditures, and lapsed balances were obtained from the Office of Comptroller's records as of October 31, 2019. Amounts could not be reconciled to the Board's records. The differences noted between the Office of Comptroller's and Board's records could not be explained by the Board. This is reported as part of finding 2020-008.

Note 3: Expenditure amounts are vouchers approved for payment by the Board and submitted to the Office of Comptroller for payment to the vendor.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND DEPOSITS INTO THE STATE TREASURY
 For the Fiscal Years Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>
STATE TREASURY FUNDS			
GENERAL REVENUE FUND - 001			
Application Fees	\$ -	\$ -	\$ 90
Total Receipts, per the Board's Records	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90</u>
Receipts, per the Board's Records	\$ -	\$ -	\$ 90
Deposits in Transit, Beginning of the Fiscal Year	-	-	-
Deposits in Transit, End of the Fiscal Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90</u>
STATE POLICE MERIT BOARD			
PUBLIC SAFETY FUND - 166			
Prior Year Refunds	\$ -	\$ 390	\$ -
Total Receipts, per the Board's Records	<u>\$ -</u>	<u>\$ 390</u>	<u>\$ -</u>
Receipts, per the Board's Records	\$ -	\$ 390	\$ -
Deposits in Transit, Beginning of the Fiscal Year	-	-	-
Deposits in Transit, End of the Fiscal Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ -</u>	<u>\$ 390</u>	<u>\$ -</u>
GRAND TOTAL - ALL FUNDS			
Receipts, per the Board's Records	\$ -	\$ 390	\$ 90
Deposits in Transit, Beginning of the Fiscal Year	-	-	-
Deposits in Transit, End of the Fiscal Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ -</u>	<u>\$ 390</u>	<u>\$ 90</u>

SCHEDULE 6

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF CHANGES IN PROPERTY
 For the Two Years Ended June 30, 2020

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
FISCAL YEAR 2020					
Property					
Equipment	\$ 337,104	\$ 25,974	\$ -	\$ -	\$ 363,078
Total	\$ 337,104	\$ 25,974	\$ -	\$ -	\$ 363,078

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
FISCAL YEAR 2019					
Property					
Equipment	\$ 296,432	\$ 40,672	\$ -	\$ -	\$ 337,104
Total	\$ 296,432	\$ 40,672	\$ -	\$ -	\$ 337,104

Note: These balances were obtained from the Board's records and have been reconciled to the Board's quarterly Agency Report of State Property reports submitted to the Office of Comptroller for the year ended June 30, 2020, and June 30, 2019, respectively.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

Functions

The State Police Merit Board (Merit Board), as authorized by the Illinois State Police Act (20 ILCS 2610), exercises jurisdiction over the certification for appointment and promotion, and over the discipline, removal, and suspension of Illinois State Police officers. The Merit Board consists of five members appointed by the Governor with the advice and consent of the Senate. The Merit Board employs clerical and technical staff to carry out the day-to-day functions of the Merit Board.

- 1) The Merit Board certifies applicants as eligible for appointment. Applicants undergo written testing, physical ability testing, suitability screening, background investigation and review, and oral interviews. At each stage, applicants must meet the requirements to proceed. The Merit Board provides a list of certified applicants to the Illinois State Police for appointment.
- 2) The Merit Board certifies officers as eligible for promotion. Examinations to the rank of Sergeant, Master Sergeant, Lieutenant, and Captain are held every twenty-four months. Sergeant and Master Sergeant testing is conducted in even numbered years; Lieutenant and Captain testing is conducted in odd numbered years. Officers are scored on a job knowledge test, performance appraisal, and assessment exercise (except Sergeant testing does not include an assessment exercise). Candidates are ranked on a certification list and the top 65% are certified as eligible for promotion.
- 3) Upon written charges filed by the Director of the Illinois State Police the Merit Board has the authority to remove, demote, or suspend officers. The Merit Board assigns each matter to a hearing officer to conduct an evidentiary hearing. The hearing officer recommends findings to the Merit Board. The Merit Board reviews the hearing officer’s recommendations and the evidence produced at the hearing to decide whether the officer is guilty or not guilty and determine the appropriate discipline.

Officers may be suspended up to thirty days by the Director of the Illinois State Police. Any officer so suspended may petition the Merit Board to review the suspension. The Merit Board may unanimously deny the petition or set the matter for hearing.

Applicant Certification

	Fiscal Year		
	2020	2019	2018
Applications received	1493	1231	998
Written tests	892	864	749
Physical Ability Tests	888	361	1,064
Background Investigations	607	219	555
Oral Interviews	367	132	346
Certified Applicants	371	101	277

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

The Merit Board reviews all applications to ensure applicants meet the minimum standards outlined in the Illinois State Police Act (20 ILCS 2610) and the Administrative Code (80 Ill. Admin. Code 150.210). The Merit Board had established the minimum education requirement for applicants to be a bachelor’s degree from an accredited college or university, or an associate’s degree with at least two years of police experience. During the examination period, the State Police Act was amended to limit the Merit Board’s authority to establish an education requirement such that a person who has an associate’s degree or 60 credit hours at an accredited college or university may not be disqualified (P.A. 101-374, eff. 1-1-20). The Administrative Code was amended to reflect this change in authority.

Applicants who meet the minimum requirements are scheduled to participate in written testing on a rolling basis at community colleges throughout the State. Due to COVID-19, the community college testing sites have been closed to testing since March 2020. Applicants who successfully pass the written test are placed in the eligibility pool.

When the Illinois State Police notifies the Merit Board of its intention to begin a Cadet Class, the Merit Board schedules physical ability testing administered by Illinois State Police officers for applicants in the eligibility pool. The Merit Board initiates background investigations conducted by the Illinois State Police for the appropriate number of applicants who pass the physical ability test. The Merit Board and Illinois State Police conduct a background review to determine the character and fitness of each applicant. Applicants who pass the background review are scheduled for oral interviews. Applicants who pass the oral interview are certified as eligible for appointment and the list of certified applicants is provided to the Illinois State Police.

Promotion Certification

	Fiscal Year		
	2020	2019	2018
Promotional Assessments Administered	143	693	142

Candidates are eligible to take the promotional examination only for the rank immediately above the candidate’s permanent rank. Candidates must have served in the Illinois State Police for at least one year from the date of their employment and shall be considered for promotion only after serving one year in their permanent rank. Candidates testing for the ranks of Lieutenant and Captain must provide proof they possess a bachelor’s degree from an accredited college or university.

The Merit Board provides each officer with official notification announcing the examination and requesting a written response respecting the officer’s intention to participate. Candidates must have taken the most recent examination offered by the Merit Board to be eligible for certification for promotion. All officers taking the examination for each rank are advised of their total promotional score and standing.

The total promotional score consists of combined standardized scores or respective percentage weights of the components for each designated rank. The Merit Board contracts with a vendor to

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

develop and administer a unique job knowledge test and assessment exercise for each rank being tested in a given year. The vendor works with Subject Matter Experts who hold at least the rank being tested for from the Illinois State Police to develop the test components. The vendor coordinates out-of-state assessors from state police agencies to administer the test components.

Candidates testing for Captain are placed on a statewide list. Candidates testing for Lieutenant are placed on Region lists. Candidates testing for Sergeant and Master Sergeant are placed on District lists. The top 65% of each list is certified by taking the total number of candidates on that list, multiplying the number by .65, and, in the case of a fraction, rounding up to the next whole integer. Any candidate whose rank on the list is equal to or less than that number shall be considered for promotion.

The top ten on each certification list for all ranks are equally eligible for promotion by the Director of the Illinois State Police. Candidates are removed from the list as they are promoted by the Illinois State Police. Each candidate below the promoted officer is moved up the ranking accordingly.

The Merit Board issues certification lists annually. In the years the Merit Board does not conduct testing for a rank the performance appraisal for the two-year cycle is averaged and the candidate scores recalculated.

Discipline

	Fiscal Year		
	2020	2019	2018
Cases docketed	5	8	9
Cases decided	3	7	5

In cases where the Director initiates discipline, the Director files with the Merit Board a written complaint setting forth a plain, clear, and concise statement of facts upon which the Complaint is based. The Complaint shall include the title and text of the rule(s) or regulation(s) alleged to have been violated and the specific disciplinary action requested by the Director. Upon written receipt of the charges, the Merit Board sets a date for the hearing not less than thirty days after receipt of the charges. The Merit Board appoints a hearing officer who has the authority to conduct hearings, administer oaths, examine witnesses, and issue orders subject to Merit Board review. The Merit Board will not consider any complaint based on conduct which antedates by three years the date the complaint is filed, except in those instances where the conduct is parallel to criminal conduct, in which case the applicable criminal statute of limitations applies.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

Prior to the commencement of the hearing, any party may present written motions, apply for subpoenas for individuals to appear or produce documents, request a list of witnesses or documents the other party proposes to call or offer, or conduct evidence depositions.

All disciplinary hearings are public. The parties may be represented by counsel if they so desire. All proceedings are recorded by a reporter employed by the Merit Board. Each party may make an opening statement after which the Illinois State Police will present its case. The officer may then present their case. The Illinois State Police must prove its case by a preponderance of the evidence.

A proposal for decision by the hearing officer is provided to the parties within forty-five days after the close of the hearing. The parties may respond to the proposed decision if they desire. The Merit Board must issue its Decision within ninety days after receipt of the hearing officer's proposal for decision. All Decisions of the Merit Board must be based on the evidence presented at the hearing.

The Merit Board affords the Director of the Illinois State Police the authority to suspend an officer for any period not to exceed thirty days. Any officer so suspended may petition the Merit Board to review the suspension. The Merit Board must set the petition for hearing as outlined above or, by unanimous decision, dismiss the petition if it determines there is no reasonable basis for review. On petitions for review, the Merit Board will reverse any suspension based on conduct which antedates by three years the date the suspension was given.

Planning

The Merit Board's planning process includes obtaining stakeholder feedback, such as coordination and discussions with the Illinois State Police, and reviews of the processes by Merit Board staff. Immediate and pending needs, along with potential future plans and goals, are reviewed and discussed. Once an area is identified for potential operational or programmatic needs, the Merit Board staff works with the Illinois State Police and other stakeholders to address the need. In the event a Cadet Class is planned, deadlines to process each applicant step are created by joint agreement. Merit Board staff regularly update the Merit Board on the progress of the applicant process and the promotional process. Disciplinary cases are monitored by Merit Board staff to ensure all rules and regulations are followed and deadlines met.

Significant Challenges

The applicant process is currently undergoing a transition to integrate into the State hiring system. The Merit Board is working with other State agencies to simplify the application process. In addition, COVID-19 has limited the ability to administer written testing. The community college testing sites have been closed since March 2020. The Merit Board has administered written testing at limited locations as needed since that time. COVID-19 has also created challenges to administer the physical ability test. Due to limitations on the number of individuals who can gather, the

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

locations to administer the physical ability test is significantly reduced and the amount of time required to administer the physical ability test is significantly increased.

Under Public Act 101-0652, effective January 1, 2022, the Merit Board will increase from five members to seven members. Board Member terms will be reduced from six years to four years. The law does not state how the change in term length will affect current Board Member terms or if the new expiration dates will be staggered like current terms.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

Fiscal Year 2020 Compared to Fiscal Year 2019

State Police Merit Board Public Safety Fund – 166

Ordinary and Contingent Expenses

The significant variation in expenditures was due to on-going personnel issues within the State Police Merit Board, which included a need for additional employee overtime and legal services.

Cadet Program for State Police

The determination to use the appropriation line is made in conjunction with the Governor's Office of Management and Budget and Illinois State Police. The determination is based on whether cadet classes are being processed in a given fiscal year, whether Illinois State Police has been otherwise appropriated funds for cadet class expenses, additional expenses at the Illinois State Police Academy that may be addressed with the appropriation line, and the balance of Fund 166. The significant increase was primarily due to utilizing the appropriation line to fund payroll costs for Cadet Class 130 in Fiscal Year 2020. The Fund was not utilized in Fiscal Year 2019 to fund payroll expenses for cadet classes.

Fiscal Year 2019 Compared to Fiscal Year 2018

State Police Merit Board Public Safety Fund – 166

Cadet Program for State Police

The determination to use the appropriation line is made in conjunction with the Governor's Office of Management and Budget and Illinois State Police. The determination is based on whether cadet classes are being processed in a given fiscal year, whether Illinois State Police has been otherwise appropriated funds for cadet class expenses, additional expenses at the Illinois State Police Academy that may be addressed with the appropriation line, and the balance of Fund 166. The decrease was primarily due to not utilizing the appropriation line to fund payroll costs for Cadet Classes in Fiscal Year 2019. The Fund was utilized in Fiscal Year 2018 to fund Cadet Class 128.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

Fiscal Year 2020 Compared to Fiscal Year 2019

State Police Merit Board Public Safety Fund – 166

Prior Year Refunds

The decrease was due to no prior year refunds in Fiscal Year 2020. The refund in Fiscal Year 2019 was due to a salary refund for an Illinois State Police cadet who was terminated prior to the end of a pay period but paid for the full pay period. No such refunds occurred in Fiscal Year 2020.

Fiscal Year 2019 Compared to Fiscal Year 2018

General Revenue Fund - 001

Application Fees

The decrease was due to the applicant testing process changing, and out-of-State testers completing the Recruitment Exam at a community college the same day as the Physical Fitness Inventory Test, which resulted in the Merit Board not collecting any application or testing fees.

State Police Merit Board Public Safety Fund – 166

Prior Year Refunds

The increase was due to there being no prior year refunds in Fiscal Year 2018. The refund in Fiscal Year 2019 was due to a salary refund for an Illinois State Police cadet who was terminated prior to the end of a pay period but paid for the full pay period. No such refunds occurred in Fiscal Year 2018.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

Fiscal Year 2020

State Police Merit Board Public Safety Fund – 166

Ordinary and Contingent Expenses

The significant Lapse Period spending was primarily due to the Board contracting with a vendor for legal services in February 2020. On March 17, 2020, the Merit Board was enjoined from retaining the services of the vendor due to ongoing litigation, and the actions taken to that point were declared null and void. Based on the language of the injunction, the Board determined it was appropriate to wait for further legal clarification prior to processing the invoices for services rendered to date, and enjoining the Board from retaining the vendor, the Board determined it was appropriate to wait for further legal clarification prior to processing the invoices. Once the injunction was lifted on May 28, 2020, the Merit Board had to process the Contract Obligation Document prior to submitting the vouchers for payment. Due to personnel issues and turnover at the Merit Board, the time of processing Contract Obligation Documents increased. Additional invoices for work performed by the vendor in June were not received until the Lapse Period.

Fiscal Year 2019

State Police Merit Board Public Safety Fund – 166

Cadet Program for State Police

The significant Lapse Period spending was primarily due to the State Police Merit Board paying the vendor for the repaving of the Emergency Vehicle Operations Course (EVOC) track at the Illinois State Police training facility in Pawnee. The project was procured by the Illinois State Police and was processed by the Board under an interagency agreement. The State Police Merit Board received the invoice for payment in April 2019 but did not submit a Contract Obligation Document to process the payment until November 2019.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
NUMBER OF EMPLOYEES

(NOT EXAMINED)

For the Fiscal Year Ended June 30,

<u>AVERAGE FULL-TIME EMPLOYEES</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Executive Director (contractual)	1	1	1
Technical Advisor III	1	1	1
Public Service Administrator	1	1	1
Information Systems Analyst II	1	1	1
Human Resources Representative	1	1	1
Human Resources Specialist	0	0	1
Administrative Assistant	0	0	0
 Total Full-Time Employees	 <u>5</u>	 <u>5</u>	 <u>6</u>

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OVERTIME AND COMPENSATORY TIME**

(NOT EXAMINED)

For the Fiscal Year Ended June 30,

	2020	2019	2018
OPERATIONAL DIVISION			
General Office			
Overtime Hours Paid	1,661	648	830
Compensatory Hours Granted	309	54	83
Total	<u>1,970</u>	<u>702</u>	<u>913</u>
Value of Overtime Hours Paid	\$ 40,169	\$ 16,854	\$ 19,280
Value of Compensatory Hours Granted	11,742	2,052	22,415
Total Costs	<u>\$ 51,911</u>	<u>\$ 18,906</u>	<u>\$ 41,695</u>
GRAND TOTAL - ENTIRE AGENCY			
Overtime Hours Paid	1,661	648	830
Compensatory Hours Granted	309	54	83
Total	<u>1,970</u>	<u>702</u>	<u>913</u>
Value of Overtime Hours Paid	\$ 50,682	\$ 16,854	\$ 19,280
Value of Compensatory Hours Granted	11,742	2,052	22,415
Total Costs	<u>\$ 62,424</u>	<u>\$ 18,906</u>	<u>\$ 41,695</u>

Note 1: State Police Merit Board payroll records were missing for the period of July 1-July 15, 2018.

Note 2: State Police Merit Board timekeeping records were missing for July 2018, August 2018, September 2018, October 2018, November 2018, and December 2018.

Note 3: State Police Merit Board payroll records reflected the following:

In April 2018, timekeeping records showed a stamped overtime approval for 15 hours for an employee.

In May 2018, timekeeping records show 12.75 hours of overtime earned for an employee, but no approval form was located.

In June 2018, timekeeping records showed a stamped overtime approval for 12 hours for an employee.

In May 2019, timekeeping records showed a transposed signature on an overtime request for 20.5 hours for an employee.

In June 2019, timekeeping records show an employee earned 12 hours of overtime but no signature on the overtime request.

In December 2019, timekeeping records show an employee earned 16.8 hours of overtime but no signature on the overtime request.

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OVERTIME AND COMPENSATORY TIME**

(NOT EXAMINED)

For the Fiscal Year Ended June 30,

Note 4: State Police Merit Board timekeeping records show an employee was approved for 122.5 hours of overtime in FY18, and 19.8 hours of overtime in FY19 which was not paid or reflected in time-banks as compensatory time earned.

Note 5: State Police Merit Board timekeeping records show an employee was approved for 41.25 hours of overtime in FY18 which was not paid or granted as compensatory time.

Note 6: State Police Merit Board payroll records reflected the following:

FY20 payroll records show an employee was paid \$3,120.46 in overtime with no overtime request or approval submitted in October 2019.

FY20 payroll records show an employee was paid \$3,072.46 in overtime with no overtime request or approval submitted in the first period of November 2019.

FY20 payroll records show an employee was paid \$4,320.64 in overtime with no overtime request or approval submitted in the second period of November 2019.