



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

Procurement Policy Board

**Compliance Examination
For the Two Years Ended: June 30, 2010**

Release Date: December 16, 2010

Summary of Findings:

Total this audit:	5
Total last audit:	1
Repeated from last audit:	1

SYNOPSIS

- The Board did not exercise adequate control over its voucher processing.
- The Board did not have adequate controls over personal services.

{Expenditures and Activity Measures are summarized on the reverse page.}

**PROCUREMENT POLICY BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2010**

EXPENDITURE STATISTICS	2010	2009	2008
Total Expenditures.....	\$ 271,704	\$ 296,181	\$ 281,941
OPERATIONS TOTAL.....	\$ 271,704	\$ 296,181	\$ 281,941
% of Total Expenditures.....	100.0%	100.0%	100.0%
Ordinary and Contingent Expenses.....	271,704	296,181	281,941
Total Receipts.....	\$ 7,228	\$ 109	\$ -
Average Number of Employees.....	4	4	4

SELECTED ACTIVITY MEASURES (Not Examined)	2010	2009	2008
<u>Procurement Reviews Initiated</u>			
Contract Award Notice	9	3	3
Emergency	0	0	0
Sole Source	<u>2</u>	<u>0</u>	<u>0</u>
Total Procurement Reviews Initiated	<u>11</u>	<u>3</u>	<u>3</u>
<u>More Information Requested and Results</u>			
More Information Requested	394	512	450
Procurement Withdrawn due to Board Inquiry	12	11	17

AGENCY DIRECTOR
During Examination Period: Matt Brown (7/1/08 through 5/14/10), William Blount (Acting 5/17/10 through 8/1/10)
Currently: Aaron Carter (8/2/10 through current)

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

VOUCHER PROCESSING WEAKNESSES

The Illinois Procurement Policy Board (Board) did not exercise adequate control over its voucher processing.

During testing of the Board's internal controls over voucher processing, we noted the following:

Expenditure reconciliations were not always performed

Certain invoice vouchers were not processed by Comptroller due to errors

Invoices for goods and services totaling \$7,709 were never processed for payment

No supporting documentation maintained

Duplicate payments totaling \$173 paid to vendor

- The Board did not perform fiscal year 2009 and fiscal year 2010 reconciliations for 7 of 28 (25%) months. As a result, the Board failed to notice that three vouchers, totaling \$3,364, were sent to the Comptroller's Office but never processed for payment. The auditors inquired about these three vouchers with the Comptroller's Office and it was noted that the Comptroller's Office contacted the Board to notify them of problems and the three vouchers needed to be corrected before the vouchers could be processed. The Board; however, never addressed the problems and did not resubmit vouchers for payment. In addition, the Board's expenditure records did not reconcile with the Comptroller's Office expenditure records for fiscal year 2010 which resulted in a \$13,232 difference.
- The Board received 12 vendor invoices for goods and services obtained during fiscal year 2010 totaling \$7,709 that were never processed for payment and were not submitted to the Comptroller's Office prior to August 31, 2010.
- The Board could not provide supporting documentation for 4 of 75 (5%) vouchers selected for testing.
- The Board approved \$173 in duplicate payments for fiscal year 2010 services. A vendor was paid twice for November 2009 services and June 2010 services.
- Six of 75 (8%) vouchers tested were approved for payment from 3 to 6 days late. (Finding 1, pages 9-10)

We recommended the Board strengthen its controls over voucher processing by timely approving vendor invoices for payment and maintain supporting documentation for vouchers. In addition, we recommended the Board process invoices and submit vouchers to the Comptroller's Office for payment on a timely basis. We further recommended the Board implement controls to prevent duplicate payments and recoup any overpayments. And finally, we recommend the Board perform monthly reconciliations of agency expenditures to Comptroller records in accordance with SAMS.

Board officials concurred with our recommendation and stated that a staff reorganization has been completed to more properly fulfill agency requirements. Additionally, new practices are now in place regarding organizational standards for the agency as well as best practices to ensure timely and accurate vendor payment processing. The Board has also taken steps to ensure cross training of these practices to ensure all time off requests are covered in an adequate fashion.

INADEQUATE CONTROLS OVER PERSONAL SERVICES

The Illinois Procurement Policy Board (Board) did not have adequate controls over personal services.

During our review of employee attendance records which includes employee Time and Attendance Reports, Official Leave Requests and the Department of Central Management Services' Central Time and Attendance System, we noted the following:

- Four of 4 (100%) employees' attendance records did not correlate. Differences were noted between employee Time and Attendance Reports, Official Leave Request Forms, and what was entered into the Department of Central Management Services' Central Time and Attendance System.
- Three of 4 (75%) employees had Time and Attendance Reports that were not filled out correctly. The Time and Attendance Reports did not indicate the number of hours worked and/or the number of leave hours used each day.
- One of 4 (25%) employee tested did not include their name on any of the Fiscal Year 2009 or 2010 Time and Attendance Reports. In addition, the employee did not certify that the time recorded for State Official Business on the Time and Attendance Reports was accurate by signing and dating the reports. (Finding 2, pages 11-12)

Time and attendance records not completed correctly

One employee did not properly certify their time

We recommended the Board strengthen controls to ensure that proper and accurate attendance records are maintained. Further, we recommended the Board comply with the Board's Policy Manual and the Illinois Administrative Code to ensure employee timesheets are both signed and filled out correctly.

Board officials concurred with our recommendation and stated that a staff reorganization has been completed to more properly fulfill agency requirements. Additionally, new practices are now in place regarding all agency attendance

records including but not limited to form duplication and filing, oversight by Chief Fiscal Officer and Agency Director as well as increased organization and frequent internal testing. In addition, each agency employee will now keep up to date time and attendance records to be cross checked monthly by Chief Fiscal Officer and Agency Director.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Board. We will review the Board's progress towards the implementation of our recommendations in our next engagement.

AUDITORS' OPINION

We conducted a compliance examination of the Board as required by the Illinois State Auditing Act. The Board has no funds that require an audit leading to an opinion of financial statements.



WILLIAM G. HOLLAND
Auditor General

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AUDITORS ASSIGNED:

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