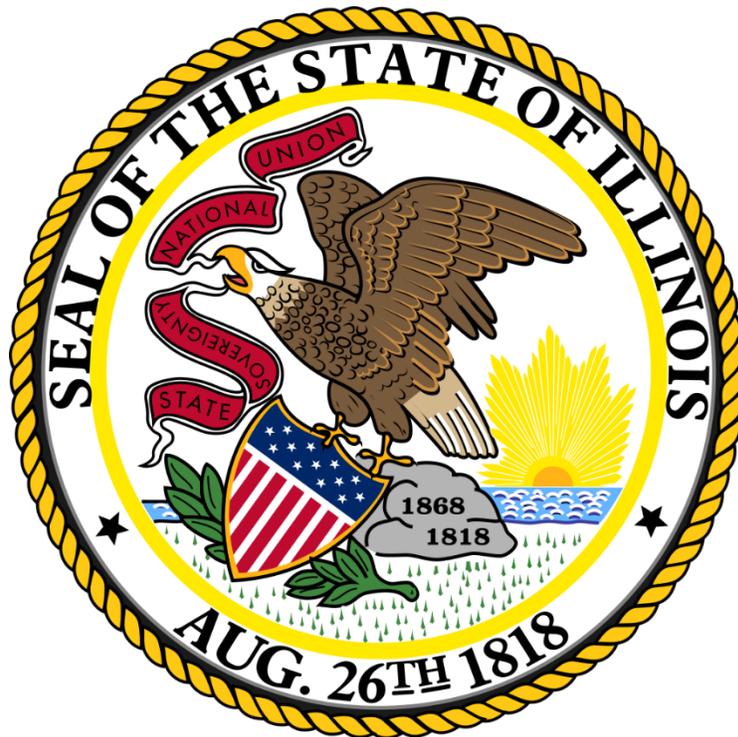


LEGISLATIVE AUDIT COMMISSION



Review of
Illinois State Police Merit Board
Two Years Ended June 30, 2020

622 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW #4534: Illinois State Police Merit Board (FY19-20 Compliance)

**REVIEW #4534:
ILLINOIS STATE POLICE MERIT BOARD
TWO YEARS ENDED JUNE 30, 2020**

**FINDINGS/RECOMMENDATIONS – 9
IMPLEMENTED – 6
PARTIALLY IMPLEMENTED – 3
REPEATED RECOMMENDATIONS – 2**

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 2

This review summarizes the auditors' report of the State Police Merit Board for the two years ended June 30, 2020, filed with the Legislative Audit Commission February 9, 2022. The auditors conducted a compliance examination in accordance with State law and *Government Auditing Standards*.

The State Police Merit System was established under the Illinois Highway Police Act on July 20, 1949. The mission of the Illinois State Police Merit Board is to remove political influence and provide a fair and equitable merit process for the selection of Illinois State Trooper candidates and the promotion and discipline of the Illinois State Police officers.

The Illinois State Police Merit Board has five members who are appointed by the Governor with the advice and consent of the Illinois Senate to serve six-year terms. The Merit Board meets quarterly. The Chair of the Board during the examination period was Mr. Reeve Waud.

Mr. Jack Garcia was the Board's Director from April 2017 to September 2021, which included the examination period. As of October of 2021, Ms. Emily Fox is the current Board Director. Ms. Fox was previously the Illinois State Police Merit Board's Program Administrator for nine years.

The Board's primary admin. office is located at 531 Sangamon Avenue East in Springfield 62702.

BOARD MEMBERS (during time of audit)

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

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Adverse Opinion Expressed by Auditors

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

Merit Board Functions

The State Police 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 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.

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Average Full-Time	FY18	FY19	FY20
Exec Director (contract)	1	1	1
Technical Advisor III	1	1	1
Public Service Administrator	1	1	1
Information Systems Analyst II	1	1	1
HR Representative	1	1	1
HR Specialist	1	0	1
Administrative Assistant	0	0	0
Total	6	5	6

Overtime and Compensatory Time

	FY18	FY19	FY20
General Office			
Overtime hours paid	830	648	1,661
Comp Hours granted	83	54	309
Total	913	702	1,970
Value of Overtime hours paid	19,280	16,854	40,169
Value of Comp hours granted	22,415	2,052	11,742
Total	\$41,695	\$18,906	\$51,911
Grand Total-Entire Agency	Same as above	Same as above	1,661
Overtime hours paid			309
Comp Hours granted			1,970
Total			
Value of Overtime hours paid			50,682
Value of Comp hours granted			11,742
Total Costs	Same as above	Same as above	\$62,424

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.

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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.

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.

Expenditures From Appropriations

The Board in FY 20 was appropriated \$4.43 million from the ISP Merit Board Public Safety Fund (166) the following:

- \$1,432,900 for Agency Operations; and
- \$3,000,000 for the Cadet program for State Police.

Expenditures were \$3,975,700 on June 30, 2021. The Board had a balance of \$49,715 after the lapse period. (p. 44 compliance)

Property

The FY20 ending balance of equipment is \$363,078 that is \$25,974 above the FY19 ending balance.

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Applicant Certification

	FY18	FY19	FY20
Applications Received	998	1,231	1,493
Written tests	749	864	892
Physical Ability tests	1,064	361	888
Background investigations	555	219	607
Oral interviews	346	132	367
Certified applicants	277	101	371

(p. 50 compliance)

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

	FY 18	FY19	FY20
Promotion Assessments Administered	142	693	143

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

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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.

Discipline

	FY18	FY19	FY20
Cases docketed	9	8	5
Cases decided	5	7	3

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.

Accountants' Findings and Recommendations

Condensed below are the 9 findings and recommendations presented in the audit report. There were 2 repeated recommendations. The following recommendations are classified on the basis of updated information provided by the State Police Merit Board, received via electronic mail on February 9, 2022.

1. The auditors recommend the Board ensure:

- applicable employer group insurance cost remittance is included in payroll vouchers and paid to CMS;
- overtime is properly approved, records are properly and accurately maintained, and an adequate policy is adopted for granting and paying overtime;

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- 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.

FINDING: *(Inadequate controls over personal services)*

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

The auditors 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 CMS

During testing of five employees, auditors 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.

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

- 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.

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).
 - 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.
 - 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.

During the testing of *Agency Workforce Reports* (Report), auditors noted the following:

- Inaccurate information was included on FY18 and FY19 Reports. The Reports included inaccurate classifications of professional employees and incorrect percentages.
- The Board did not file its FY18 Report with the Office of the Governor.
- The Board did not file a corrected Report for FY17 with the Secretary of State and Office of the Governor within 30 days of release of the prior compliance report.
- During the testing of the Board's training policies, auditors 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.

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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.

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.

UPDATED RESPONSE:

Implemented:

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 adopted an overtime policy on 7/14/2021 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.
- The Board adopted an attendance policy on 10/28/2021 to address the 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 will maintain a Form I-9 for each employee. The Board collected a completed Form I-9 for all current employees on 1/21/2022 and will ensure all future employees complete Form I-9.
- The Board will ensure fringe benefits for the personal use of a State vehicle are included in the employee's taxable income in the future.
- The Board will maintain a complete and signed employment application for each employee in the future.
- The Board will maintain leave of absence authorization forms for future leaves of absence.
- *Agency Workforce Reports* were accurate and properly completed for FY21 and will be accurate and properly completed in the future
- Corrected *Agency Workforce Reports* for FY17, FY18, and FY19 were filed with the Secretary of State and the Office of the Governor on 3/9/2022, within 30 days after release of the audit by the Auditor General.
- The Board has adopted a revised identity protection policy on 10/25/2021 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

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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.

2. The auditors 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;**
- **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.**

FINDING: *(Voucher processing weaknesses)*

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

During testing of non-payroll expenditures, auditors 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, auditors 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

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to determine if the invoices were approved within 30 days after receipt of the bill or goods/service.

- For 17 of 153 (11%) vouchers tested, totaling \$339,198, the Board failed to pay prompt payment interest due to vendors, totaling \$16,633.
- 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, auditors 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.
- 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 support for 7 of 153 (5%) vouchers tested, totaling \$5,797, did not include vehicle charge tickets. As a result, auditors were unable to determine the specific details of the purchases and if the purchases were reasonable. Specifically, auditors were unable to determine if the purchase was for a Board vehicle, the date and quantity purchased, or the employee who made the purchase.
- 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.

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.

BOARD RESPONSE:

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

UPDATED RESPONSE:

Implemented:

- The Board has developed and implemented a Fiscal and Personnel Manual on 6/15/2021 governing voucher processing procedures. The Manual ensures vouchers and supporting documentation are maintained, vouchers are timely processed, the date invoices are received is documented, interest is paid when

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due to vendors, vouchers are coded with the correct SAMS object code, invoices are reviewed to ensure payments are from the correct fiscal year, and ensure duplicate payments are not made.

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.

3. The auditors 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.**

FINDING: (Inadequate controls over contracts)

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

During testing, auditors noted the Board did not maintain a complete list of contract agreements. During the examination, auditors 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.

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, auditors selected a sample of four contracts for testing and noted:

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- 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.
- 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.
- 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.

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

RESPONSE:

The Board agrees and accepts all recommendations.

UPDATED RESPONSE:

Implemented:

- The Board will maintain a complete list of contractual agreements in the future.
- All current contracts have been reviewed and contain the proper certifications and supporting documents. The Board will conduct all future procurements in accordance with the Procurement Code through the State procurement system (BidBuy) and maintain all required documentation.
- The Board has developed and implemented a Fiscal and Personnel Manual on 6/15/2021 governing procedures for filing contracts with the Office of the Illinois Comptroller in a timely fashion.

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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4. The auditors 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;
- 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.

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, auditors noted the following:

- The Board did not maintain a proper segregation of duties over the petty cash fund. During FY19 and FY20, auditors noted the custodian of the Board's fund performed multiple responsibilities of the current transaction cycle, including authorization, custody, recordkeeping, and reconciliation.
- The Board did not maintain their petty cash fund on an imprest basis during FY19 and FY20.
- The Board did not maintain a cash receipts and disbursements journal for their entire petty cash fund during FY19 and FY20.

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

During petty cash fund receipt testing, auditors 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.

During petty cash fund disbursement testing, auditors 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.

During testing of the Annual Petty Cash Fund Usage Report (Form C-18), auditors 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 FY20, requiring them to provide an explanation.
- 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.
- 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 FY19 Form C-18 was filed 8 days late and the Fiscal Year 2020 Form C-18 was not filed.

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.

UPDATED RESPONSE:

Partially Implemented:

The Board has determined it does not have a need for a petty cash fund. The Board is in the process of dissolving its petty cash fund. In the event the Board establishes a petty cash fund in the future, it will review its policies and procedures to ensure all requirements are met for maintenance and use of a petty cash fund.

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5. The auditors 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 CMS;
- 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.

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, auditors noted the listing of equipment items added during the examination period provided by the Board did not contain six equipment additions, totaling \$42,286. Auditors 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, auditors 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, auditors 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, auditors were unable to

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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, auditors 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.
- During testing of list to floor, auditors noted the following:
 - Three of 51 (6%) items tested, totaling \$30,665, were not marked with a unique identification number.
- During our testing of floor to list, auditors noted the following:
 - One of 51 (2%) items tested, totaling \$33,830, was not marked with a unique identification number.
 - Auditors 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.
 - During telecommunication device testing, auditors 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 Board did not mark small value equipment items as the property of the State of Illinois.
- The Board did not have a policy clearly defining the categories of equipment considered subject to theft.
- During the review of the Board's property listing, auditors 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

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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 Board did not prepare and file its FY20 Annual Inventory Report with the CMS.
- Auditors 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.
- During review of the Board's Agency Report on State Property (Form C-15) prepared during the examination period, auditors noted the following:
 - 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.
 - The Board was unable to provide one of eight (13%) Form C-15s filed during the examination period.
 - The Board netted the additions and deletions amounts on one of eight (13%) Form C-15s instead of reporting them separately.
 - The Board did not maintain adequate detailed supporting documentation for its Form C-15 filed with the Comptroller for FY19 and FY20. 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 FY20.

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

BOARD RESPONSE:

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

UPDATED RESPONSE:

Partially Implemented:

- The Board has drafted an inventory policy to ensure future compliance and address the recommendations of the report. The policy is undergoing internal review and will be implemented in the near future.

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

FINDING: *(Procedural deficiencies)*

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

During testing, auditors noted the following:

- The Board did not timely file its FY19 and FY20 *Agency Fee Imposition Report* with the Office of Comptroller (Comptroller). The reports were filed 12 and 24 days late, respectively.
- The Board was unable to provide supporting documentation it prepared or filed its FY20 inventory certification with CMS.
- The Board was unable to provide supporting documentation it prepared or filed its FY19 Annual Real Property Utilization Report with CMS.
- 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 Board filed its FY19 Fiscal Control and Internal Auditing Act (FCIAA) certification six days late and failed to file its FY20 FCIAA with the Office of the Auditor General.
- The Board failed to make and deliver a report with its acts and doings to the Governor for Fiscal Year 2018 and 2019.

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

BOARD RESPONSE:

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

UPDATED RESPONSE:

Implemented:

- The Board has developed a list of all required reports and assigned personnel responsible for the filing of each report.
- The Board has developed and implemented a Fiscal and Personnel Manual on 6/15/2021 governing all required fiscal reporting to ensure future compliance.

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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 preparing and submitting some or all of the reports listed. Upon the former employee's abrupt departure, the Board staff was not aware the reports were not prepared or filed in a timely manner. 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.

7. The auditors 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.**

FINDING: *(Inadequate controls over information systems)*

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

During testing, auditors 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.

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- 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.

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

BOARD RESPONSE:

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

UPDATED RESPONSE:

Partially Implemented:

- The Board implemented an Agency Emergency Action Plan on 9/1/2021

Under Study:

- The Board is reviewing current policies and personnel limitations to 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 assessment; and create a corrective action plan to remediate identified vulnerabilities.

8. The auditors recommend the Board implement controls to ensure reconciliations are performed timely and documented.

FINDING: *(Inadequate controls over reconciliations)*

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

During testing, auditors noted the following:

- The Board was unable to produce reconciliations of its internal expenditure records to the Comptroller's Monthly Appropriation Status Report (SB01), monthly Object Expense/Expenditures by Quarter Report (SA02), and monthly Cash Report (SB05) during FY19 and FY20. As a result, auditors noted a difference of \$39,400

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between the Board's FY19 expenditure records and the Comptroller's final SB01. The Board was unable to reconcile the difference.

- 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 FY19 and FY20.

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

BOARD RESPONSE:

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

UPDATED RESPONSE:

Implemented:

- The Board has developed and implemented a Fiscal and Personnel Manual on 6/15/2021 governing reconciliations to ensure their timely completion and proper documentation.

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. Upon the former employee's abrupt departure, the Board staff was not aware the reports were not prepared or filed in a timely manner. 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.

- 9. The auditors recommend the Board strengthen controls to ensure travel charges are within state laws and regulations. The auditors also recommend the Board ensure proper insurance amounts are required on the Certification of License and Automobile Liability Coverage.**

FINDING: *(Inadequate controls over travel)*

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

During testing of travel expenditures, auditors noted the following:

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

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- 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.
- Two of 51 (4%) vouchers tested, totaling \$808, included reimbursement for valet parking, resulting in overpayments of \$84.
- 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.
- One of 51 (2%) vouchers tested, totaling \$289, included reimbursement for transportation expenses for the traveler's spouse in the amount of \$30.
- 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.
- 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.
- 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.
- 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).
- Sixteen of 51 (31%) vouchers tested, totaling \$2,975, did not include direct-billed hotel charges.
- For 6 of 51 (12%) vouchers tested, totaling \$1,414, the auditors were unable to verify the authenticity of the Executive Director's signature.

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.

BOARD RESPONSE:

The Board agrees and accepts the recommendation.

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UPDATED RESPONSE:

Implemented:

- The Board has ensured proper insurance amounts are required on the Certification of License and Automobile Liability Coverage.

Under Study:

- The Board is reviewing current policies and procedures to determine what additional controls to implement to ensure travel charges are within state laws and regulations.

Emergency Purchases

Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than five business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption. The ISP merit Board did not have any emergency purchases in FY20.

Headquarters Designations

The State Finance Act requires all state agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each state agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of January 15, 2022, the ISP Merit Board had 6 employees assigned to locations other than official headquarters.