

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD**

STATE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2022

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022**

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STATE OF ILLINOIS
STATE POLICE MERIT BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022

BOARD OFFICIALS

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

BOARD OFFICERS

Chair of the Board (07/01/2020 – 05/15/2021)	Mr. Reeve Waud
Chair of the Board (05/15/2021 – 10/29/2021)	Mr. Andrew Berlin
Chair of the Board (10/30/2021 – 12/12/2021)	Vacant
Chair of the Board (12/13/2021 – 10/19/2022)	Mr. Michael Clark
Chair of the Board (10/20/2022 – 01/17/2023)	Vacant
Chair of the Board (01/18/2023 – Present)	Mr. Timothy Touhy
Secretary of the Board (07/01/2020 – 07/19/2023)	Mr. James Riley
Secretary of the Board (07/20/2023 – 10/17/2023)	Vacant
Secretary of the Board (10/18/2023 – Present)	Ms. Michelle Carrera

BOARD MEMBERS

Member (07/01/2020 – 05/15/2021)	Mr. Reeve Waud
Member (05/16/2021 – 10/17/2021)	Vacant
Member (10/18/2021 – 03/30/2022)	Ms. Karen McNaught
Member (04/01/2022 – 01/02/2023)	Vacant
Member (01/03/2023 – Present)	Ms. Michelle Carrera
Member (07/01/2020 – 07/19/2023)	Mr. James Riley
Member (07/20/2023 – Present)	Vacant
Member (07/01/2020 – 10/29/2021)	Mr. Andrew Berlin
Member (10/30/2021 – 07/07/2022)	Vacant
Member (07/08/2022 – Present)	Mr. Timothy Touhy

Member (07/01/2020 – 07/21/2022)	Ms. Nancy Maldonado
Member (07/22/2022 – 03/11/2023)	Vacant
Member (03/12/2023 – Present)	Mr. William Stiehl
Member (07/01/2020 – 11/21/2021)	Mr. Eddie Lee Warren
Member (11/22/2021 – 10/19/2022)	Mr. Michael Clark
Member (10/20/2022 – 02/16/2023)	Vacant
Member (02/17/2023 – 04/11-2024)	Dr. Michelle Hoy-Watkins
Member (04/12/2024 – Present)	Vacant
Member (01/01/2022 – 03/27/2022)	Vacant
Member (03/28/2022 – Present)	Dr. Raymond Garcia
Member (01/01/2022 – Present)	Vacant

BOARD OFFICE

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

531 Sangamon Avenue East
Springfield, Illinois 62702

Tim Touhy
Chairman



Emily E. Fox
Executive Director

ILLINOIS STATE POLICE MERIT BOARD

MANAGEMENT ASSERTION LETTER

June 6, 2024

Honorable Frank J. Mautino
Auditor General
State of Illinois
400 West Monroe, Suite 306
Springfield, Illinois 62704

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 specified requirements during the two-year period ended June 30, 2022. Based on this evaluation, we assert that during the years ended June 30, 2021, and June 30, 2022, 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, Executive Director/Acting Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Mr. Daniel Dykstra, Chief Legal Counsel

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022**

STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this 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*.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	10	9
Repeated Findings	8	2
Prior Recommendations Implemented or Not Repeated	1	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2022-001	11	2020/2018	Inadequate controls over personal services	Material Weakness and Material Noncompliance
2022-002	15	2020/2018	Voucher processing weaknesses	Significant Deficiency and Noncompliance
2022-003	16	2020/2020	Inadequate controls over petty cash	Significant Deficiency and Noncompliance
2022-004	18	2020/2020	Property control weaknesses	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022**

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2022-005	20	2020/2020	Procedural deficiencies	Significant Deficiency and Noncompliance
2022-006	22	2020/2020	Inadequate controls over information systems	Significant Deficiency and Noncompliance
2022-007	24	2020/2020	Inadequate controls over reconciliations	Significant Deficiency and Noncompliance
2022-008	26	2020/2020	Inadequate controls over travel	Significant Deficiency and Noncompliance
2022-009	28	New	Board not fully seated	Noncompliance
2022-010	29	New	Noncompliance with the State Police Act	Significant Deficiency and Noncompliance
Prior Findings Not Repeated				
A	30	2020/2020	Inadequate controls over contracts	

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on May 31, 2024.

Attending were:

State Police Merit Board
Emily Fox, Director/Acting Fiscal Officer
Daniel Dykstra, Legal Counsel

Office of the Auditor General

Stephanie Wildhaber, Audit Manager

Christian Cortes, Audit Supervisor

Tarryn Link, Auditor

Leah Borntreger, Auditor

Kyla Pattie, Auditor

The responses to the recommendations were provided by Daniel Dykstra, Legal Counsel, in a correspondence dated June 6, 2024.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, State Police Merit Board

Report on State Compliance

We have examined compliance by the State of Illinois, State Police Merit 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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the Board during the two years ended June 30, 2022. As described in the accompanying Schedule of Findings as item 2022-001, 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.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Board complied with the specified requirements during the two years ended June 30, 2022, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2022-002 through 2022-010.

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.

Report on 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 a material weakness 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 item 2022-001 to be a material weakness.

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 2022-002 through 2022-008 and 2022-010 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.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
June 6, 2024

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2022

2022-001. **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:

Payroll Voucher Testing

- Six of 20 (30%) payroll vouchers tested, totaling \$134,713, 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 members paid from funds other than the General Revenue Fund, to cooperate with the DCMS and the Governor’s Office of Management and Budget in order to assure that the specified proportion of the State’s costs for group life insurance, the program of health benefits, and other employee benefits is paid by such funds.

Employee Testing

- During testing of three employees, we noted the following:
 - One of 3 (33%) employee file 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 2 to be completed no later than the first day of employment.

- For one of 3 (33%) employees tested, the Board did not retain the employee’s Illinois W-4 Employee’s Withholding Exemption Certificate (Form C-25).

The Statewide Accounting Management System (SAMS) (Procedure 23.20.05) requires the Board to have on file a properly completed Form C-25 for all active employees. In addition, the Board must maintain the last

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2022-001. **FINDING** (Inadequate controls over personal services) – Continued

effective W-4 forms for terminated employees for a period of 4 1/2 years or as long as wages are owed.

- For one of 3 (33%) of employees tested, the Board did not correctly calculate the amount of fringe benefits for personal use of a State vehicle.

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.

Overtime Testing

- For one of 8 (13%) overtime slips tested, for one of 3 (33%) employees, the overtime slip was not submit for approval on a weekly basis.

The Board's Policy MB14 states "Employees shall submit a written request for approval of all overtime work at least weekly to the Executive Director, or their designee."

- For one of 8 (13%) overtime slips tested, for one of 3 (33%) employees, was approved by the employee submitting overtime.

The Fiscal Controls 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.

Timekeeping Testing

- For one of 11 (9%) timesheets, for one of 3 employees (33%), the employee did not properly fill out their timesheet. Specifically, the type of leave was not noted on the timesheet.

The Boards Policy MB15 states "Employees are responsible for accurately recording their hours worked."

Agency Workforce Report

- The Board filed its amended Fiscal Year 2017, 2018, and 2019 *Agency Workforce Reports* with the Secretary of State four days after the required time period.

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SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2022**

2022-001. **FINDING** (Inadequate controls over personal services) – Continued

- The Board did not file amended Fiscal Year 2017, 2018, and 2019 *Agency Workforce Reports* with the Office of the Governor within 30 days of the release of the prior compliance report. The amended reports were filed 4 days late.
- The Board did not report the number of workers broken out by contractual, positions opening, opening filled – new hires, and opening filled – promotion, reported in Fiscal Year 2021 and Fiscal Year 2022 Reports.

The Illinois State Auditing Act (30 ILCS 5/3-2.2b) requires the Board to prepare and file corrected Agency Workforce Reports with the Secretary of State and the Office of the Governor within 30 days of the release of the report, if the Auditor General's office determines the Board materially failed to comply with requirements.

Finally, this finding was first noted in the Board's State Compliance Examination for the two years ended June 30, 2018. Board officials have been unsuccessful in implementing a corrective action plan to remedy this condition.

During the prior and current examination period, Board officials indicated the issues were due to employee error.

Failure to remit employee costs for group insurance represents noncompliance with State law. Also, failure to complete and maintain Employment Forms is a violation of USCIS and SAMS requirements. In addition, Failure to timely and properly approve overtime could result in improper payroll expenditures. Failure to properly complete timekeeping records could lead to inaccurate timekeeping reports or the State paying for services not actually rendered. 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. 2022-001, 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;
- a Form I-9 and Form C-25 is properly maintained for each employee;
- fringe benefits for the personal use of a State vehicle are included in the employee's taxable income;

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2022-001. **FINDING** (Inadequate controls over personal services) – Continued

- overtime is properly and timely approved;
- attendance records are completed accurately;
- *Agency Workforce Reports* are accurate and properly submitted as required; and,
- 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).

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 was made aware of its failure to include applicable employer group insurance cost remittance during its prior examination, during the current examination period, in May 2021. The Merit Board worked to determine its obligations and has been compliant with the requirement since the pay period for 5/15-31/2021.

The Board submitted its revised Agency Workforce Reports within the time required, although they may not have been received by the Secretary of State or the Governor’s Office prior to the deadline. The Board will ensure future reports are filed in a timely manner.

**STATE OF ILLINOIS
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SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2022**

2022-002. **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 twelve of 24 (50%) travel vouchers tested, totaling \$25,166, and 3 of 37 (8%) general vouchers tested, totaling \$6,879, were coded with the incorrect Statewide Accounting Management System (SAMS) detail object code.

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.

Finally, this finding was first noted in the Board’s State Compliance Examination for the two years ended June 30, 2018. Board officials have been unsuccessful in implementing a corrective action plan to remedy this condition.

During the prior and current examination, Board officials indicated the issues noted above were due to staff error.

Inaccurate detail object codes reduces the overall control over expenditures and could lead to inaccurate State reporting. (Finding Code No. 2022-002, 2020-002, 2018-002)

RECOMMENDATION

We recommend the Board ensure vouchers are coded with the correct SAMS detail object code.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board will review its voucher processing procedures to ensure accurate detail object codes are entered.

STATE OF ILLINOIS
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SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
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2022-003. **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 of the *Annual Petty Cash Fund Usage Report* (Form C-18), we noted:

- The Board excluded one of two (50%) cash disbursements, totaling \$14, from the Calendar 2020 Annual Petty Cash Usage Report

The Statewide Accounting Management System (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 with the Office of Comptroller (Comptroller) in a timely manner. The Board stated it filed its Calendar Year 2020 Form C-18 but the Comptroller did not have record of the filing. The Calendar Year 2021 Form C-18 was filed 10 days late.

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.

During the previous and current examination, the Board officials indicated the issues noted above were due to employee error and 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. 2022-003, 2020-004)

RECOMMENDATION

We recommend the Board ensure cash disbursements are included on the Form C-18 and the Form C-18 is submitted to the Comptroller on a timely basis.

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SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
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2022-003. **FINDING** (Inadequate controls over petty cash) – Continued

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board reviewed its needs and determined the petty cash fund should be dissolved. The Board dissolved the petty cash fund in January 2023.

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2022-004. **FINDING** (Property control weaknesses)

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

During our testing, we noted the following:

- One of two (50%) *Annual Real Property Utilization Reports* (ARPUR) was submitted 11 days late.

The State Property Control Act (30 ILCS 605/7.01(b)) requires the submission of an ARPUR, or annual update of such report, on forms required by the Department of Central Management Services (DCMS) by July 31 of each year.

- One of eight (13%) *Agency Report on State Property* (Form C-15) Reports was submitted four days late.

The Statewide Accounting Management Systems Manual (SAMS) (Procedure 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 did not remove one of four (25%) equipment items from its property listing in a timely manner. The item was deleted 273 days late.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.400) requires the Board to properly adjust property records within 90 days after acquisition, change, or deletion of equipment items.

- During our testing of the Board's property list to floor, we noted two of fifty-six (4%) equipment items, totaling \$1,467, were found in a different geographical location than the location stated on the property listing.

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. In addition, SAMS (Procedure 29.10.10) requires the Board to maintain detailed property records, including the physical location of its assets.

STATE OF ILLINOIS
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SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
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2022-004. **FINDING** (Property control weaknesses) – Continued

- While performing the reconciliation of Board property records to the Comptroller’s *Object Expense/Expenditures by Quarter Report* (SA02 Report), we noted the Board used the wrong detail object code when purchasing three laptops, totaling \$861.

SAMS (Procedure 11.10.50) states the purpose of assigning a correct detail object code is to report expenditure information at a more refined level within a common object. In addition, 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 ensure 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.

During the previous and current examination, Board officials indicated the issues noted were due to staff error and oversight.

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. 2022-004, 2020-005)

RECOMMENDATION

We recommend the Board:

- timely file the ARPUR with DCMS and Form C-15 with Comptroller;
- ensure property records are timely updated for all additions and deletions;
- ensure property records are updated when equipment is moved to a different location; and,
- ensure the correct detail object codes are used when purchasing equipment.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board was made aware of these issues during its prior examination. The Board took actions to correct the deficiencies as they became aware of them. The Board will further review and 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, 2022

2022-005. **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 failed to provide and deposit with the State Library the Board’s Fiscal Year 2022 Annual Report.

The State Library Act (15 ILCS 320/21(a)) requires the Board to complete and submit an Annual report to the Governor and General Assembly and provide and deposit with the Illinois State Library sufficient copies of all publications issued by the Board for its collection and for exchange purposes. The State Library Act (15 ILCS 320/7(t)) creates and maintains a State Government Report Distribution Center for the General Assembly to receive all reports in all formats available required by law or resolution to be filed with the General Assembly.

- The Board failed to inform the Government Documents Section of the State Library in writing of its person(s) responsible for the distribution of documents annually by July 15 in Fiscal Year 2021, and July 15 in Fiscal Year 2022, and within two weeks after any changes to the annual filing.

The Illinois Administrative Code (23 Ill. Admin. Code 3020.150) requires by July 15 of each year, the Board to inform the Government Documents Section in writing of the person, persons, or positions responsible for distribution of publications of that Board and within two weeks after any changes.

- The Board did not timely file its Fiscal Year 2021 Fiscal Control and Internal Auditing Act (FCIAA) certification with the Office of the Auditor General. The Certification was filed 55 days late.

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 did not timely file its Fiscal Year 2022 final Service Efforts and Accomplishment (SEA) data. The SEA data was submitted 25 days late.

The Statewide Accounting Management System (SAMS) (Procedure 33.20.20) requires the Board to submit final SEA data to the Office of

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2022-005. **FINDING** (Procedural deficiencies) – Continued

Comptroller (Comptroller) using the Public Accountability Report (PAR) Portal on the Comptroller's website by December 15th.

- The Board failed to submit its Fiscal Year 2021 Program and Indicator Worksheet with the Comptroller.

SAMS (Procedure 33.20.20) requires the Board to submit the Program and Indicator Worksheet to the Comptroller by September 15 of each year.

During the previous and current engagement, 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. 2022-005, 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.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board will ensure the reports are submitted prior to the deadlines in the future.

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2022-006. **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 cybersecurity practices and the security and control of confidential information had certain failures. Specifically, we noted the following:

- Failure to perform a comprehensive risk assessment to identify and ensure adequate protection of information (i.e. confidential or personal information) most susceptible to attack;
- Failure to classify data to establish the types of information most susceptible to attack to ensure adequate protection;
- Failure to adequately assess risk and vulnerabilities of information systems and data; and
- Lack of formalized procedures to identify and protect personal or confidential information, including notification procedures in the event of a breach of security.

The *Framework for Improving Critical Infrastructure Cybersecurity* (Framework) and the *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST) requires the implementation of the Framework to develop an organizational understanding to manage cybersecurity risk to systems, people, assets, data, and capabilities and implement appropriate safeguards, and activities to identify, detect, and respond to any cybersecurity event or incident. In addition, the Personal Information Protection Act (815 ILCS 530) requires the Board to develop formal policies and procedures to facilitate timely notification to the Attorney General in the event of a breach of personal information. Furthermore, 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. Lastly, generally accepted information technology guidance endorses the development and implementation of suitable change management procedures to control changes to computer systems. These procedures

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2022-006. **FINDING** (Inadequate controls over information systems) – Continued

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

During the previous engagement, Board officials indicated the deficiencies noted were due to employee oversight. During the current engagement, Board officials indicated the deficiencies were due to competing priorities.

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. (Finding Code No. 2022-006, 2020-007)

RECOMMENDATION

We recommend the Board strengthen controls over the security and control of confidential information.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board will review its policies and/or procedures consistent with the recommendation.

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2022-007. **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 did not complete 5 of 29 (17%) reconciliations of their records to the Office of Comptroller's Agency Contract Report (SC14) or Obligation Activity Report (SC15).

The Statewide Accounting Management System (SAMS) Manual (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.

- For 24 of 29 (83%) SC14/SC15 reconciliations tested, there was no evidence of review by an independent person.

SAMS (Procedure 02.50.10) promotes timely reviews when it states: Qualified and continuous supervision must be provided to achieve internal control objectives. This means that supervisors must review and approve the assigned work of their staffs and provide necessary guidance and training to their staffs to minimize errors, waste, and wrongful acts and to achieve specific management policies and directives.

- The Board did not date 6 of 29 (21%) of the SC14/SC15 reconciliations. Due to this condition, we were unable to verify whether the reconciliations were performed timely.

SAMS (Procedure 15.30.30) requires the Board to perform monthly reconciliations of its contract activity to the SC14 or SC15 reports within 60 days of the month end.

- The Board did not complete 4 of 24 (17%) monthly reconciliations of their internal receipt records to the Office of Comptroller's (Comptroller) Monthly Revenue Status Report (SB04) during the examination period.

- For three of the four months, the Board received prior year refunds automatically deposited into their account. Although,

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2022-007. **FINDING** (Inadequate controls over reconciliations) – Continued

the Board did not deposit the funds, a reconciliation is still required to be performed by the Board when activity occurs within the fund. The Board stated a reconciliation was performed for the remaining month, however, we could not verify as no date or name was provided.

SAMS (Procedure 07.30.20) requires the Board to reconcile their records to the Monthly Revenue Status Report within 60 days of the month end.

During the previous examination, Board officials indicated the issues noted were due to staff oversight. During the current examination, Board officials indicated the issues noted were due to competing priorities and staff error.

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. 2022-007, 2020-008)

RECOMMENDATION

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

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board was made aware of its failure to complete the reconciliations during its prior examination, during the current examination period. The Merit Board worked to determine its obligations and has been compliant with the requirement.

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2022-008. **FINDING** (Inadequate controls over travel)

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

During testing of 24 travel expenditures, we noted the following:

- Three (13%) travel vouchers tested, totaling \$733, included per diem reimbursements that were not calculated correctly, resulting in an underpayment of \$28 to travelers.

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.

- One (4%) travel voucher tested, totaling \$392, did not use the most economical mode of transportation available, including an upgrade to a Business Class rail seat in the amount of \$22.

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

- One (4%) travel voucher tested, totaling \$392, included hotel charges exceeding the limit set by the Governor’s Travel Control Board. The Board provided documentation showing hotels from the Preferred Hotel Listing were contacted as required by the Governor’s Travel Control Board. However, 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.

- Eight (33%) travel vouchers tested, totaling \$1,787, did not include itemized 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

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2022-008. **FINDING** (Inadequate controls over travel) – Continued

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.

- The Board failed to file two of four (50%) Travel Headquarter (TA-2) Reports with the Legislative Audit Commission (LAC).

The State Finance Act (30 ILCS 105/12-3) requires the Board to file Form TA-2 reports with the LAC no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period from July 1 through December 31 of the preceding year.

During the prior year examination, the Board officials indicated the majority of the issues were due to employee error and failure to follow protocol. During the current examination, Board officials indicated the issues were due to employee error and failure to follow protocol.

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. 2022-008, 2020-009)

RECOMMENDATION

We recommend the Board strengthen controls to ensure travel charges are within State laws and regulations. We also recommend the Board ensure TA-2 Reports are timely filed with the Legislative Audit Commission.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The Board practice has been to note direct billed hotel charges on travel vouchers but not including itemized costs. The Board will review its policies and practices to ensure future compliance.

During the prior examination the Board terminated the employee responsible for submitting TA-2 reports. When the Board was made aware the reports had not been timely filed during its prior examination, which due to delays occurred during the current examination period, the Board resumed timely filing TA-2 reports.

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2022-009. **FINDING** (Board not fully seated)

The State Police Merit Board (Board) did not exercise adequate control over the membership of required boards which are considered parts of the Office.

The Board had 3 vacancies of the required 7 members (43%) as of June 30, 2022. The vacancies were to be filled by an appointee selected by the Governor.

The Illinois State Police Act (20 ILCS 2610/3) requires the Board to maintain a membership of 7 members representing the Illinois State Police Merit Board. The Governor shall appoint new board members within 30 days of any existing vacancies

Board officials indicated the vacant members and expired terms are positions that are appointed by the Governor’s Office, which the Board cannot control.

Failure to maintain a full Board could result in quorums not being met and the mission of the Board not being accomplished. (Finding Code No. 2022-009)

RECOMMENDATION

We recommend the Board remain in contact with the Governor’s Office to ensure the vacant positions are filled.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The statute does not create an obligation for the Board to self-appoint Members. The obligation belongs to the Governor to make appointments. The Governor has appointed seven Members from the beginning of the examination period to present. Unfortunately, this has not been sufficient to maintain the full membership of the Board due to the expansion of the Board and unexpected attrition of Board Members. The Board expanded from five to seven Members during the examination period. In addition to regular term expirations, three Members resigned from the Board, two of whom were appointed to federal judicial positions requiring their resignation. One Board Member suddenly and tragically passed away.

The Board will continue to maintain contact with the Governor’s Office to ensure vacant positions are filled with qualified Members.

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2022-010. **FINDING** (Noncompliance with the State Police Act)

The State Police Merit Board (Board) was not in compliance with the State Police Act (Act).

During testing, auditors noted the following:

- The pass rate percentage presented for the physical fitness test in the Board’s annual report was incorrect. Additionally, the fail rate was not presented.

The Act (20 ILCS 2610/11.5) requires the Board to report "the number of applicants who administered a physical fitness test and the pass and fail rate."

- For two of 5 (40%) Fee Waiver Applications submitted during the period were responded to 11 and 35 days late.

Per the Board's website, applications made on the basis of substantial hardship will be decided at the first board meeting subsequent to receipt of the application. Within ten days of the Board Meeting, the decisions shall be delivered to the applicant.

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

Failure to accurately and completely report the physical fitness test pass and fail rates is noncompliance with the Act. Failure to timely respond to fee waiver requests could result in an undue hardship being put on applicants. (Finding Code No. 2022-010)

RECOMMENDATION

We recommend the Board review reports prior to release to ensure information is accurate and factual. In addition, we recommend the Board timely respond to fee waiver requests.

BOARD RESPONSE

The Board agrees and accepts all recommendations. The mandate to report the pass and fail rate became effective on January 1, 2022. The Board understood the reporting of the pass rate on a binary test to be sufficient for both the pass and fail rate. The Board will include both the pass rate and the fail rate in future reports.

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A. **FINDING** (Inadequate controls over contracts)

During the prior examination, the State Police Merit Board (Board) did not have adequate controls over contracts during the examination period. Specifically, the Board did not maintain a list of contract agreements and supporting documentation.

During the current examination, our testing indicated the Board maintained a complete list of contract agreements and the necessary supporting documentation. (Finding Code No. 2020-003)