

**STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2012

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012

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AGENCY OFFICIALS

STATE POLICE MERIT BOARD

Executive Director

Mr. Ronald P. Cooley

Fiscal Officer

Ms. Melinda Gutierrez

Board office is located at:

531 Sangamon Avenue East
Springfield, Illinois 62702



ILLINOIS STATE POLICE MERIT BOARD

531 Sangamon Avenue East
Springfield, Illinois 62702

Office # (217) 786-6240
Fax # (217) 786-0181

November 20, 2012

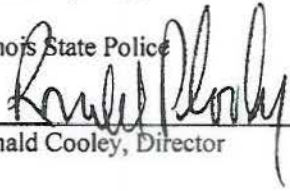
Honorable William G. Holland
Auditor General
State of Illinois
Hes Park Plaza
740 East Ash
Springfield, IL 62703-3154

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the Illinois State Police Merit 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 Illinois State Police Merit Board's compliance with the following assertions during the two-year period ended June 30, 2012. Based on this evaluation, we assert that during the years ended June 30, 2011 and June 30, 2012, the Illinois State Police Merit Board has materially complied with the assertions below.

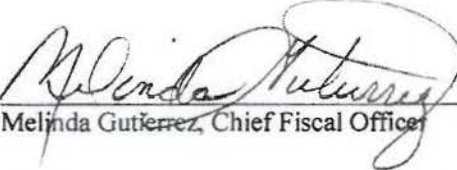
- A. The Illinois State Police Merit Board has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Illinois State Police Merit Board has obligated, expended, received and used 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 Illinois State Police Merit 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. The State revenues and receipts collected by the Illinois State Police Merit 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. The money or negotiable securities or similar assets handled by the Illinois State Police Merit Board on behalf of the State or held in trust by the Illinois State Police Merit Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois State Police



Ronald Cooley, Director



Melinda Gutierrez, Chief Fiscal Officer

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	2	1
Repeated findings	1	1
Prior recommendations implemented or not repeated	0	2

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
12-1	8	Voucher processing weaknesses	Significant Deficiency and Noncompliance
12-2	12	Failure to comply with the Identity Protection Act	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

The prior year finding has been repeated.

EXIT CONFERENCE

The State Police Merit Board waived an exit conference in correspondence dated November 20, 2012. Responses to the findings were provided by the Chief Fiscal Officer in correspondence dated November 20, 2012.

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois State Police Merit Board's compliance with the 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, 2012. The management of the State of Illinois State Police Merit Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois State Police Merit Board's compliance based on our examination.

- A. The State of Illinois State Police Merit 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 State of Illinois State Police Merit 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 State of Illinois State Police Merit 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 State of Illinois State Police Merit 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 State of Illinois State Police Merit Board on behalf of the State or held in trust by the State of Illinois State Police Merit 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 as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois State Police Merit Board's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois State Police Merit Board's compliance with specified requirements.

In our opinion, the State of Illinois State Police Merit Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2012. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 12-1 and 12-2.

Internal Control

Management of the State of Illinois State Police Merit Board is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois State Police Merit Board's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois State Police Merit Board's internal control over compliance.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in an entity's internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies

as described in the accompanying schedule of findings as items 12-1 and 12-2. A *significant deficiency in an entity's internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The State of Illinois State Police Merit Board's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois State Police Merit Board's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2012 and June 30, 2011 in Schedules 1 through 9 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2012 and June 30, 2011 accompanying supplementary information in Schedules 1 through 9. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2010 accompanying supplementary information in Schedules 1 through 9 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, and the Illinois State Police Merit Board Members is not intended to be and should not be used by anyone other than these specified parties.



BRUCE L. BULLARD, CPA

Director of Financial and Compliance Audits

November 20, 2012

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-1. **FINDING** (Voucher processing weaknesses)

The State Police Merit Board (Board) did not exercise adequate controls over voucher processing. We noted the following:

- Nine of 118 (8%) vouchers tested, totaling \$5,832, accrued a required interest payment of \$72 which was not paid by the Board. The State Prompt Payment Act (30 ILCS 540/3-2) requires State agencies to determine whether interest is due and automatically pay qualified interest penalties to the appropriate vendor when the payment is not issued within 60 days after receipt of a proper bill for Fiscal Year 2011, and 90 days for Fiscal Year 2012.
- Seven of 118 (6%) vouchers tested, totaling \$1,683, were approved for payment from one to 51 days late. The Illinois Administrative Code (74 Ill. Adm. Code 900.70) requires an agency to review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after physical receipt of the bill.
- Seven of 118 (6%) vouchers tested, totaling \$4,043, were not coded with the proper detail object code. Statewide Accounting Management System (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.
- Two of 118 (2%) vouchers tested, totaling \$1,235, included invoices that were not date stamped; therefore, we could not determine if approved timely. The Illinois Administrative Code (74 Ill. Adm. Code 900.30(b) (2)) states that all State agencies must maintain written or electronic records reflecting the date or dates on which a proper bill was received by the State agency.
- Two of 118 (2%) vouchers tested, totaling \$2,084, contained prepayment for internet and cable services. The State Finance Act (30 ILCS 105/9.05) requires payment for goods or services cannot be made in advance unless the agency head certifies that the terms of the contract require advance payment.

Board personnel stated competing priorities and oversight contributed to the above items.

Failure to pay interest charges is noncompliance with the State Prompt Payment Act. Failure to deny or approve vouchers in a timely manner may result in a late payment of bills and could subject the State to unnecessary interest charges. Inaccurate detail object codes reduce the overall accuracy of expenditures and may lead to inappropriate expenditures not in line with the appropriated account authority. Failure to date stamp an

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STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

invoice upon receipt increases the potential for non-payment or late payment. Paying in advance for services could result in improper expenditures by the Board for services not received. (Finding Code No. 12-1, 10-1, 08-2)

RECOMMENDATION

We recommend the Board comply with the Illinois Administrative Code, SAMS procedures and the State Prompt Payment Act. We also recommend the Board implement controls to ensure vouchers are approved timely and paid within the required time frame, include interest, and ensure all vouchers contain complete and accurate information. In addition, we recommend the Board only make payment for services rendered unless otherwise stipulated in a contract.

BOARD RESPONSE

ISPMB partially agrees.

- (Bullet 1) The prompt pay interest for the majority of the invoices tested had the prompt pay interest payment generated by CFO during December 2010. However such interest payments were under the \$50.00 limit and thus were rejected by the Comptroller's Office. CFO contacted CMS-AIS personnel and was informed the voucher processing system would automatically create an invoice for the prompt pay interest due each vendor regardless of the dollar amount. This would happen at the end of fiscal year 2010 extended Comptroller processing timeframe, which was December 2011. During December 2011 prompt payment vouchers were process by CMS-AIS and such payments were to be included. With this audit cycle it was discovered these payments were not made and CFO contacted CMS-AIS personnel for an explanation. CMS-AIS personnel responded with the following:

“The Comptroller Extension of Lapse Period – Public Act 97-0075

BULLETIN NUMBER: 170 stated that FY 11 prompt pay could be paid through December 2011 so FY 11 was definitely valid in December, 2010.

AIS implemented grouping of prompt pay penalties against FY 11 original payments per Comptroller Accounting Bulletin 169 – Consolidation of Prompt Payment interest Penalty (dated May 2011), which specified a \$50 threshold for grouped vouchers, in July 2011. Grouping of various agencies' FY 11 penalties proceeded after that thru the end of prompt pay lapse.

The IOC must have already been enforcing the \$50 edit in December 2010. AIS began advising The IOC agencies not to approve invoices under \$50 once we learned

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SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

IOC was applying the \$50 edit. The presence of vouchers under \$50 (which were not grouping-continuations) could certainly cause the file rejection.

I think the answer to your question, finally, is that the penalty invoices were not reposted following the batch ungroup (reverse vchr to A7 status) and invoice delete correction due to an error in the batch ungroup program. When the invoice was reset to A7 status and the voucher credited the original invoice incurring the penalty should have had its prompt-pay-paid flag reset to off. This wasn't done due to the program error so the (separate) prompt pay penalty creation process never reposted the penalty invoices for your approval. I wasn't aware of the program error or I could have opted to ungroup the vouchers to A7 status and avoid the deletion which would have left the invoices over \$50 on AIS for re-approval."

- (Bullet 2) The majority of these invoices were originally approved on November 21, 2011, which was within 30 days. Due to a detail object error on one voucher the entire batch was rejected by the Comptroller's Office and was resubmitted and approved on December 6, 2011 thus causing the invoices to be past 30 days.
- (Bullet 3) The CFO disagrees on some of the "Correct Sams codes" suggested. CFO will more closely monitor coding of invoice voucher prior to submission.
- (Bullet 4) The CFO will review future invoices for appropriate received stamp. If not stamped in with received stamp it will be obtain before further processing.
- (Bullet 5) The two invoices in question are from one vendor for fiscal years 2011 and 2012. They were each for annual payment for ISPMB connectivity to the Internet. Due to delayed payments from the State of Illinois ISPMB implemented this annual payment plan. During fiscal years, 2009 and 2010, our Internet service was disconnected on several occasions due to non-payment. The vendor would not reconnect the Internet service until they received payment(s) to bring ISPMB account current. In order for ISPMB to get account current the CFO would have to request from the Comptroller's Office to expedite these payments. They would if there were funds available in the GRF. These disconnections would cause ISPMB to be without Internet services and ISPMB employees would be without e-mail services. Sometimes this would take several days to be resolved and connection could be reestablished. Once the payment(s) was received the vendor would reconnect ISPMB Internet service for an additional fee.

AUDITOR COMMENT

The State Prompt Payment Act requires State agencies to determine whether interest is due and agencies are responsible for ensuring the interest is paid as required. The Illinois Administrative Code requires invoices be approved within 30 days and that vouchers be

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

properly date stamped. The Statewide Accounting Management System requires appropriate detail object codes be assigned. Lastly, the State Finance Act does not allow for advance payment unless the agency head certifies the terms of the contract require advance payment. It is the Board's responsibility to ensure all State laws, rules and regulations are followed.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-2. **FINDING** (Failure to comply with the Identity Protection Act)

The State Police Merit Board (Board) failed to implement the provisions of the Identity Protection Act (Act).

The Identity Protection Act (5 ILCS 179) requires the Board to draft and approve an identity-protection policy by June 1, 2011. Per the Act, the Policy must:

- Identify the Act.
- Require all employees identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.
- Direct that only employees who are required to use or handle information or documents that contain social security numbers have access to such information or documents.
- Require that social security numbers requested from an individual be placed in a manner that makes the social security number easily redacted if required to be released as part of a public records request.
- Require that, when collecting a social security number or upon request by the individual, a statement of the purpose or purposes for which the agency is collecting and using the social security number be provided.

During our testing we noted the Board had not issued an identity-protection policy.

Board personnel stated they train new employees on the proper use of social security numbers but were not aware of the requirement to have a policy.

Failure to implement provisions of the Act results in noncompliance, does not promote the security and control of social security numbers, and increases the likelihood of identity theft. (Finding Code No. 12-2)

RECOMMENDATION

We recommend the Board develop and approve an identity protection policy as required in the Identity Protection Act.

BOARD RESPONSE

ISPMB agrees. The Board currently has an Agreement of Confidentiality, which every employee of ISPMB is required to sign and have witnessed before they can join ISPMB staff. This agreement will be updated to specify the requirements of The Identity

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

Protection Act (5 ILCS 179). The new agreement will be presented to ISPMB Board members for their approval at the January 2013 board meeting.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2012

The finding for the two years ended June 30, 2010 has been repeated in the current engagement.

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts
 - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending

- Analysis of Operations (Not Examined):
 - Agency Functions and Planning Program (Not Examined)
 - Average Number of Employees and Board Members (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2012 and June 30, 2011 in Schedules 1 through 9. However, the accountants do not express an opinion on the supplementary information. The accountants' report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations For Fiscal Year 2012

Fourteen Months Ended August 31, 2012

P.A. 97-0063 P.A. 97-0076 FISCAL YEAR 2012	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate Lapse Period		Approximate Total Expenditures	Approximate Balances Lapsed
			Expenditures July 1 to August 31	Expenditures August 31		
General Revenue Fund - 001						
Personal Services	\$ 422,500	\$ 379,039	\$ 20,165	\$ 399,204	\$ 23,296	
State Contributions to Social Security	32,400	28,864	1,541	30,405	1,995	
Contractual Services	363,875	254,006	10,774	264,780	99,095	
Travel	10,000	7,192	353	7,545	2,455	
Commodities	6,000	1,508	1,430	2,938	3,062	
Printing	6,000	350	303	653	5,347	
Equipment	125	113	0	113	12	
Electronic Data Processing	17,500	8,894	8,492	17,386	114	
Telecommunications Services	12,000	7,136	1,180	8,316	3,684	
Operation of Automotive Equipment	9,000	8,246	280	8,526	474	
Total General Revenue Fund	\$ 879,400	\$ 695,348	\$ 44,518	\$ 739,866	\$ 139,534	

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

Note 3: Approximate lapse period expenditures do not include interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations For Fiscal Year 2011

Fourteen Months Ended August 31, 2011

	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate Lapse Period		Approximate Balances Lapsed
			Expenditures July 1 to August 31	Approximate Total Expenditures	
P.A. 96-0956					
P.A. 96-0957					
FISCAL YEAR 2011					
General Revenue Fund - 001					
Operational Expenses	\$ 917,600	\$ 689,705	\$ 60,885	\$ 750,590	\$ 167,010
Total General Revenue Fund	<u>\$ 917,600</u>	<u>\$ 689,705</u>	<u>\$ 60,885</u>	<u>\$ 750,590</u>	<u>\$ 167,010</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

Note 3: Approximate lapse period expenditures do not include interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES**

	FISCAL YEAR		
	2012	2011	2010
	P.A. 97-0063	P.A. 96-0956	P.A. 96-0042
	P.A. 97-0076	P.A. 96-0957	P.A. 96-0046
<u>APPROPRIATED FUNDS</u>			
General Revenue Fund - 001			
Appropriations (Net of Transfers)	\$ 879,400	\$ 917,600	\$ 593,300
<u>Expenditures</u>			
Personal Services	\$ 399,204	\$ 0	\$ 369,212
State Contributions to Social Security	30,405	0	27,754
Contractual Services	264,780	0	0
Travel	7,545	0	0
Commodities	2,938	0	0
Printing	653	0	0
Equipment	113	0	0
Electronic Data Processing	17,386	0	0
Telecommunications Services	8,316	0	0
Operation of Automotive Equipment	8,526	0	0
Operational Expenses	0	750,590	132,203
Total Expenditures	<u>\$ 739,866</u>	<u>\$ 750,590</u>	<u>\$ 529,169</u>
<u>Lapsed Balances</u>	<u>\$ 139,534</u>	<u>\$ 167,010</u>	<u>\$ 64,131</u>
State Police Whistleblower Reward and Protection Fund - 705			
Appropriations (Net of Transfers)	\$ 0	\$ 0	\$ 416,850
<u>Expenditures</u>			
Contractual Services	\$ 0	\$ 0	\$ 350,583
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 350,583</u>
<u>Lapsed Balances</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 66,267</u>
Grand Total - All Funds			
Appropriations (Net of Transfers)	\$ 879,400	\$ 917,600	\$ 1,010,150
Total Expenditures	<u>\$ 739,866</u>	<u>\$ 750,590</u>	<u>\$ 879,752</u>
<u>Lapsed Balances</u>	<u>\$ 139,534</u>	<u>\$ 167,010</u>	<u>\$ 130,398</u>
Appropriation to Comptroller's Office for Merit Board Member's Salaries	\$ 118,500	\$ 118,400	\$ 118,400
Board Member Salaries	<u>112,812</u>	<u>79,158</u>	<u>72,048</u>
<u>Lapse Balances</u>	<u>\$ 5,688</u>	<u>\$ 39,242</u>	<u>\$ 46,352</u>

Note 1: The FY12 and FY11 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
 STATE POLICE MERIT BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2012

	<u>Equipment</u>
Balance at July 1, 2010	\$ 189,012
Additions	13,069
Deletions	0
Net Transfers	<u>0</u>
Balance at June 30, 2011	<u><u>\$ 202,081</u></u>
Balance at July 1, 2011	\$ 202,081
Additions	6,779
Deletions	(22,816)
Net Transfers	<u>(29,091)</u>
Balance at June 30, 2012	<u><u>\$ 156,953</u></u>

Note: The above schedule has been derived from Board records which have been reconciled to property reports submitted to the Office of the State Comptroller.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Year Ended June 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>General Revenue Fund - 001</u>			
Telephone Usage/Pager Usage	\$ 129	\$ 0	\$ 0
Copy Fees	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>875</u>
Total Receipts	<u><u>\$ 129</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 875</u></u>

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
RECONCILIATION OF CASH RECEIPTS
TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Fiscal Year Ended June 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>General Revenue Fund - 001</u>			
Receipts per Board Records	\$ 129	\$ 0	\$ 875
Add: Deposits in Transit, Beginning of Year	0	0	0
Less: Deposits in Transit, End of Year	<u>0</u>	<u>0</u>	<u>0</u>
Deposits Recorded by the State Comptroller	<u><u>\$ 129</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 875</u></u>

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2012

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2011 AND 2012

General Revenue Fund - 001

Personal Services, State Contributions to Social Security, Contractual Services, Travel, Commodities, Printing, Equipment, Electronic Data Processing, Telecommunication Services, Operation of Automotive Equipment

For Fiscal Year 2012, the appropriation process was changed for operating expenses that were paid from the General Revenue Fund. The Board received individual appropriations designated for specific purposes rather than a lump sum appropriation for operational expenses.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2010 AND 2011

General Revenue Fund -001

Operational Expenses

For Fiscal Year 2011, the appropriation process was changed for operating expenses that were paid from the General Revenue Fund. The Board received a lump sum appropriation for all operational expenses, including personal services and State contributions to social security.

State Police Whistleblower Reward and Protection Fund -705

Contractual Services

The decrease in contractual services expenditures was due to the Board not being appropriated any funds from the State Police Whistleblower Reward and Protection Fund for Fiscal Year 2011. Contractual services expenditures for Fiscal Year 2011 were paid from the General Revenue Fund.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2012

General Revenue Fund – 001

The Board receives minimal receipts. The receipts consist of copy charges, refunds, reimbursement for jury duty, and texting charges. These receipts are expected to fluctuate between fiscal years. The Board received one receipt for texting charges during Fiscal Year 2012. There were no receipts collected by the Board during Fiscal Year 2011.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2012

FISCAL YEAR 2012

Commodities & Printing

Supplies and copier paper were purchased late in the fiscal year for Assessment Exercises the Board conducts and for regular office use. The related invoices were not received and processed until the lapse period.

Electronic Data Processing

EDP equipment was purchased late in the fiscal year in order to upgrade outdated equipment used by the Board. The related invoices were not received and processed until the lapse period.

FISCAL YEAR 2011

There were no significant expenditures made during the lapse period.

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2012

BOARD FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)

Board Functions

The Illinois State Police Merit Board (Board) was established in 1949 by the State Police Act (20 ILCS 2610/3), and reorganized on July 1, 1977 to consist of five members appointed by the Governor and approved by the Senate for six-year terms. Its mission “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 Illinois State Police Officers”.

The Board operates to certify Illinois State Police Officers for appointment and promotion. The Board was also created to act as a hearing agency over issues related to discipline, removal, demotion, and suspension of Illinois State Police Officers.

The members of the Board as of June 30, 2012 were:

- John Rednour, Chairman
- Kenneth Schloemer, Secretary
- A. George Pradel
- James V. Riley
- Arthur J. Smith, Sr.

Board Planning Program

The Board has established a Strategic Plan to address the three functions of the State Police Merit Board: certification for appointment, promotion and discipline. The Board’s Strategic Plan emphasizes higher standards in performing its three functions.

The Board continues to study methods to maintain professionalism in law enforcement. Foremost in the Board’s set of priorities is the safety and welfare of the citizens of Illinois, particularly as they travel across the State’s network of highways.

STATE OF ILLINOIS
STATE POLICE MERIT BOAD
ANALYSIS OF OPERATIONS
For the Years Ended June 30, 2012

AVERAGE NUMBER OF EMPLOYEES AND BOARD MEMBERS (NOT EXAMINED)

The following table, prepared from Board records, presents the average number of employees and Board members for the Fiscal Years ended June 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Employees	5	5	5
Board Members	5	5	5

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2012

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)

The Board is responsible for the processes of discipline, removal, demotion and suspension of Illinois State Police sworn officers who violate the rules and regulations of the Illinois State Police. A three-year comparison of the status of cases brought before the Board as of June 30 follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
New Cases brought before the Board	7	6	13
Cases settled without a hearing	6	10	10
Cases settled with a formal hearing	0	2	4
Cases pending at year end	2	1	7

The Board collects applications of all interested persons through their website, www.illinoistrooper.com. The Board establishes time periods for accepting applications and applications are accepted only during these particular time periods. If an applicant meets the qualifications (cannot have been convicted of a felony, education, citizenship, etc.) and submits necessary documentation by the respective deadlines he or she is then scheduled for the recruitment test. The recruitment test includes: an orientation session, fitness test, and written test. Successful applicants are placed in an eligibility pool until either a cadet class is scheduled and the selection process is initiated, or their eligibility expires, whichever occurs first.

A comparison of the number of acceptable applications, the number of applicants certified to each cadet class, and the number of graduating applicants certified to each cadet class conducted during the Fiscal Years 2012, 2011 and 2010 follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Number of acceptable applications received	*	904	2,009
Number of applicants certified to cadet class #117	**	-	-
Graduating applicants certified to cadet class #117	**	-	67
Number of applicants certified to cadet class #118	**	58	-
Graduating applicants certified to cadet class #118	**	40	-
Number of applicants certified to cadet class #119	**	82	-
Graduating applicants certified to cadet class #119	**	63	-

STATE OF ILLINOIS
STATE POLICE MERIT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2012

*The Board did not accept applications in Fiscal Year 2012. The Board tested applicants in June 2011 and had enough applicants for two cadet classes. Since there are costs involved with accepting applications, the Board decided it was not feasible to accept any additional applications.

**The Board generates a potential cadet list for the Department of State Police only upon request from the Department of State Police. The Department of State Police did not request a cadet class throughout Fiscal Year 2012.