



OFFICE OF THE COUNTY AUDITOR

Bill White, J.D.

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To: Margaret Ewing, Chief Human Resources Officer

From: Bill White, J.D. *WFW*
County Auditor

Subject: Retention Benefit Payments Limited Scope Internal Audit
#22-27

Date: July 28, 2022

The Office of the County Auditor has completed a limited scope internal audit of the payment of retention benefits for the pay period ended July 22, 2022. The results of the audit identified no exceptions related to the payment of retention benefits or for required disclosures for the one employee receiving such benefit payments this pay period. There were two exceptions noted that were related to the payment of unused vacation time.

Results

Audit procedures determined that for the pay period ended July 22, 2022, one employee was eligible for retention benefits and received the appropriate amount of retention benefit payments as outlined in the County's personnel policy. Additionally, the County was in compliance with the statutory disclosure requirements.

Two employees with less than one-year of service time, received vacation payout hours in error. The Human Resources Department is working with the Treasurer's Office to recover the overpayments.

Objective

- To audit the payment of accrued retention benefits to ensure that the amounts distributed to employees are in compliance with County policy.
- Verify the County's compliance with the Local Wage Increase Transparency Act as prescribed by Illinois Compiled Statutes 50 ILCS 155/5.

Background/Audit Scope

In November 1998, DuPage County Board resolution FI-0190-98 established the County Employee Retention Incentive Program to assist in recruiting new employees as well as retaining the most experienced and qualified County employees. The Program provided a benefit to eligible employees to receive up to 120 days of compensation with 20 years of service, upon notice of termination.

Eligibility begins at either age 55 with 10 years of continuous service, or 20 years of continuous service regardless of age. The Program, which was discontinued in 2002, applies to employees hired before December 1, 2002.

The Illinois statutes require local governments to disclose certain wage increases made to employees. As prescribed by law, the payment of accrued benefits, under specific circumstances to employees not covered under collective bargaining agreements, is considered a disclosable payment requiring discussion by the governing board in accordance with the Open Meetings Act.

This limited-scope internal audit was designed to test payroll transactions to determine if the transactions have been entered correctly as well as reviewing the transactions for compliance with applicable policies. The audit procedures consisted of examining the payroll and employment verification reports available to the County Auditor for the pay period ended July 22, 2022. On a sample basis, the service period and age of employees receiving retention benefit payments was examined to determine eligibility for retention benefits as defined in the County's personnel policy. The total number of hours of retention benefits paid to the sample individual in prior payroll periods in addition to the current pay period was calculated to verify that the employee did not exceed the maximum allowable retention benefit as outlined in the County's personnel policy. The sample represented 900 hours and \$25,384.68 of retention benefit payments.

Audit Findings and Recommendations

One employee received retention program benefits for the pay period ended July 22, 2022. The retention program benefit payments to this individual were made in compliance with the County's policy.

The County was in compliance with the statutory requirements of disclosing the payments by discussing the payments during the County Board meetings prior to the issuance of the payments.

The payment of 53.36 hours of vacation valued at \$747.04 for one employee of the Care Center and 21.25 hours of vacation valued at \$517.63 for one employee in Workforce Development was not allowed per County policy. Both employees had less than one year of service when they terminated and were not eligible for the vacation payout. The Human Resources Department indicated that they were working with the Treasurer's Office to recover the overpayments. The County Auditor will perform follow-up procedures to verify the overpayments were recovered.

If you have any questions, please contact me.

cc: Sheryl Markay, Chief Policy and Program Officer
Joan Olson, Chief Communications Officer
Nick Kottmeyer, Chief Administrative Officer