



# OFFICE OF THE COUNTY AUDITOR

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*DuPage County Auditor*

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To: Margaret Ewing, Human Resources Director

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

Subject: Retention Benefit Payments Limited Scope Internal Audit  
#21-97

Date: January 12, 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 December 24, 2021. The results of the audit identified three exceptions related to the payment of retention benefits or for required disclosures for the seven employees receiving such benefit payments this pay period and one exception was noted related to the final payment of vacation hours.

## **Results**

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Audit procedures determined that for the pay period ended December 24, 2021, seven employees were eligible for retention benefits and received the appropriate amount of retention benefit payments as outlined in the County's personnel policy.

The County was not in compliance with the statutory requirements to include a disclosable payment for the retention benefits and any sick hours for one employee in the required discussion by the County Board in accordance with the Open Meetings Act. The employee received 480 hours of retention benefits valued at \$27,252 for the pay period ended December 24, 2021.

The payment of 240 hours of retention benefits valued at \$12,034.27 for one individual who retired on December 1, 2021, was omitted from the employee's final payroll check. On December 30, 2021, a check was issued to the former employee for the retention.

A supplemental payroll was run on December 30, 2021, for the payment of one employee's final payment of 262.50 hours of vacation valued at \$14,142.66, that was omitted from the regular payroll. The manual check was dated December 30, 2021.

A supplemental payroll was run on January 3, 2022, for the payment of one employee's 900 hours of retention benefits valued at \$47,914.47, that was omitted from the regular payroll. The manual check was back dated to December 30, 2021.

**Objective**

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- 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**

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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 December 24, 2021. 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 individuals in prior payroll periods in addition to the current pay period was calculated to verify that the employees did not exceed the maximum allowable retention benefit as outlined in the County's personnel policy. The sample represented 3,720 hours and \$176,293.19 of retention benefit payments.

**Audit Findings and Recommendations**

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Seven employees received retention program benefits for the pay period ended December 24, 2021. The retention program benefit payments for these individuals were made in compliance with the County's policy.

The County was not in compliance with the statutory requirements to include a disclosable payment of 480 hours of retention benefits valued at \$27,252 for a Sheriff's Office employee. The Human Resources Department stated that the employee's anticipated retirement date is in May 2022, which requires the employee to be included in the required discussion by the County Board in accordance with the Open Meetings Act. The employee is eligible for 960 hours valued at \$54,504 and any sick time; however, the employee could not be located on a County Board agenda. This was brought to the attention of the Human Resources Department.

*It is recommended that the employee be included on the next County Board agenda. State statute disallows a disclosable payment without County Board discussion.*

*However, it is recommended that the payment not be reversed, and that the employee keep the payment made for the pay period ended December 24, 2021. Recovering the payment and then reissuing the payment after County Board approval would be complicated, create other opportunities for errors, and cause difficulties for the employee, through no fault of his own.*

*It is recommended that the Human Resources Department verify that all required disclosures have been discussed by the County Board prior to issuing any retention benefits payments to employees.*

The payment of 240 hours of retention benefits valued at \$12,034.27 for one individual who retired on December 1, 2021, was omitted from the employee's final payroll check. On December 30, 2021, a check was issued to the former employee for the retention.

A supplemental payroll was run on January 3, 2022, for the payment of one employee's 900 hours of retention benefits valued at \$47,914.47, that was omitted from the regular payroll. The manual check was back dated to December 30, 2021.

*It is recommended that the Human Resources Department put procedures into place to reduce the likelihood of human error when issuing retention payments.*

A supplemental payroll was run on December 30, 2021, for the payment of one employee's final payment of 262.50 hours of vacation valued at \$14,142.66, that was omitted from the regular payroll. The manual check was dated December 30, 2021.

*It is recommended that the Human Resources Department put procedures into place to reduce the likelihood of human error when issuing vacation payout.*

As reported in the January 3, 2022, Audit Report #21-96, three employees sold more vacation hours than allowed per County policy resulting in overpayments totaling \$2,928.74. Follow-up procedures verified that corrections were made on the December 30, 2021, payroll checks for all three employees reducing their respective vacation pay by 40 hours each. The total number of hours of sold vacation for these employees are now in compliance with County policy.

If you have any questions, please contact me.

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