



# OFFICE OF THE COUNTY AUDITOR

**Bill White, J.D.**

*DuPage County Auditor*

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To: Margaret Ewing, Human Resources Director  
Edmond Moore, Undersheriff

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

Subject: Retention Benefit Payments Limited Scope Internal Audit  
#22-01

Date: February 8, 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 January 7, 2022. The results of the audit identified no exceptions related to the payment of retention benefits or for required disclosures for the five employees receiving such benefit payments this pay period. There was one exception noted that was related to the payment of unused sick time.

## **Results**

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Audit procedures determined that for the pay period ended January 7, 2022, five employees were 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.

The final payment of 66 hours of sick payout valued at \$2,193.65 and 12 hours of sick sold valued at \$398.85 for one employee was not in compliance with County policy. The individual terminated on January 6, 2022, with slightly less than five years of service time. The applicable union contract, Policeman's Benevolent Labor Committee Local 501, indicates that in order to receive monetary compensation for unused sick hours at the time of separation, the employee must have completed eight years of service.

## **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 January 7, 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 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 4,200 hours and \$197,931.94 of retention benefit payments.

**Audit Findings and Recommendations**

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Five employees received retention program benefits for the pay period ended January 7, 2022. The retention program benefit payments for these individuals 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.

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This overpayment was brought to the attention of the Human Resources Department who stated to the County Auditor that Sheriff's Office staff enter its

own payroll. The Sheriff's Office advised the County Auditor that this was human error by a Sheriff's Office employee.

Past practice has been that the payment of benefits in excess of County policy or applicable union contract is charged to the budget of the relevant Office, in this instance the Sheriff's Office. However, the Auditor's Office has discovered that there is not a reliable process for identifying such situations and informing the Finance Department of such excess benefit payments when they occur.

*The Auditor's Office recommends that no attempt be made to recover the overpayment.*

*It is recommended that an appropriate budget adjustment be made to charge the Sheriff's Office budget for the excess payment.*

*It is recommended that the Sheriff's Office establish procedures to reduce the likelihood of human error when entering payroll transactions. A best practice is to require a written form in every instance where benefits are paid out through payroll and that the form be signed by the employee and a supervisor.*

*It is recommended that procedures be put in place Countywide to identify such situations so that the Finance Department can make appropriate adjustments.*

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  
Jeff Martynowicz, CFO  
Jennifer Sinn, Deputy CFO