



OFFICE OF THE COUNTY AUDITOR

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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
#22-10

Date: March 24, 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 March 18, 2022. The results of the audit identified no exceptions related to the payment of retention benefits or for required disclosures for the three employees receiving such benefit payments this pay period. There was one exception noted that was related to the payment of unused vacation time.

Results

Audit procedures determined that for the pay period ended March 18, 2022, three 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 number of vacation hours paid out to one employee was not in compliance with County policy. The employee was paid out for 55 hours more than allowed resulting in an overpayment of \$1,239.81.

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 March 18, 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 2,880 hours and \$129,232.99 of retention benefit payments.

Audit Findings and Recommendations

Three employees received retention program benefits for the pay period ended March 18, 2022. The retention program benefit payments to 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.

The payment of 127.50 hours of vacation hours valued at \$2,874.11 for one employee was not in compliance with County policy. Upon separation, employees receive monetary compensation for all earned vacation time. The employee was paid out for 55 hours more than earned, resulting in an overpayment of \$1,239.81.

This overpayment was brought to the attention of the Treasurer's Office, who stated that the number of earned vacation hours was inadvertently miscalculated. The Treasurer's Office requested that the Human Resources Department cancel the payment and re-issue it for the correct amount. The County Auditor will perform follow-up procedures to verify the re-issued amount.

It is recommended that the Treasurer'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 and that the form is signed by the employee and a supervisor. It is further recommended that such forms be made available for review prior to payroll being finalized.

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
Gwen Henry, County Treasurer