



Agreed-Upon Procedures Report

Period Covering January 2010 – December 2019

(With Independent Accountants' Report Thereon)

ALGONQUIN TOWNSHIP ROAD DISTRICT

Agreed-Upon Procedures

Period Covering January 2010 - December 2019

ALGONQUIN TOWNSHIP ROAD DISTRICT

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Trustees and management of
Algonquin Township:

We have performed the procedures as described in detail in the Procedures section following this report. These procedures were agreed to by the Board of Trustees and management of Algonquin Township Road District (District), solely to assist in identifying potential fraud, waste or abuse in relation with payroll and credit card transactions during the period January 1, 2010 to December 31, 2019. The District is responsible for its payroll and credit card records. The District is also responsible for the governance and execution of disbursements as well as, detection and prevention of fraud, misappropriations, and other irregularities. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion on internal control over compliance with specified requirements during the period January 1, 2010 to December 31, 2019. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees and management of the District, the McHenry County State's Attorney and Chicago Division of the Federal Bureau of Investigations and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Benford Brown & Associates, LLC'.

Benford Brown & Associates, LLC
Bolingbrook, IL
February 6, 2021

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Background

Algonquin Township Road District services township roads and provides brush removal, senior transportation, and community recycling. The township currently provides services for sixty-seven (67) miles of township roads. Services provided are authorized per the Illinois Highway Code 605 – Illinois Compiled Statute (ILCS). Algonquin township Road district provides the following services:

- Snowplow and apply ice control to township maintained roads
- Maintain, resurface, patch and repair township roads, shoulders and ditches
- Maintain township rights-of-ways
- Street sweep township roads
- Remove debris, trash and dead animals within township rights of way
- Install and maintain township culverts
- Maintain, repair and replacement of more than 800 warning, informational, and regulatory signs and posts
- Provide street lighting at major intersections
- Issue permits for driveway, culvert installations and right of way improvements, new utility installation, as well as
- Issue permits for overweight and/or oversized vehicles
- Trim and remove trees and branches that interfere with safe vehicle operation and/or visibility
- Remove fallen or damaged tree limb from roadways
- Provide brush pick up for seniors
- Provide brush drop off and free mulch
- Provide seniors and disabled residents transportation services
- Assist with Motor Fuel Tax distribution
- Assist law enforcement and first responders after accidents to return roadway to safe conditions
- Host monthly recycling events between April and October
- Active participation in non-dedicated road program
- Active participation in intergovernmental agreements

Algonquin Township is located in McHenry County, Illinois. The current township highway commissioner is Andrew Gasser. Andrew was elected in 2017. Prior to Andrew's election, Bob Miller was the Algonquin Township Highway Commissioner.

The District is responsible for the governance and execution of disbursements as well as, detection and prevention of fraud, misappropriations, and other irregularities. As stated in its policies and procedures, the District has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The District may utilize whatever internal

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and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the District will issue reports to appropriate designated personnel. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final dispositions of the case. In 2017, Andrew Gasser was elected as the Algonquin Township Highway Commissioner and upon his assessment and review of organization's financial records and inquiry from staff, an independent review of the credit card transactions and payroll records was requested.

As such, Mr. Gasser contracted Benford Brown & Associates, LLC (BB&A) with the task of assessing if funds budgeted for the Road District may have been misappropriated by former and current employees. It was also requested that the books and records of the District be reviewed and that supporting evidence be accumulated to support any misappropriations that may have occurred. For purposes of this engagement, BB&A assessed the accounting policies and procedures as it relates to expenditures and disbursements, purchasing and authorizations of employee expenses.

The Algonquin Road District Commissioner believes that funds budgeted for the Road District may have been misappropriated by former and current employees and has requested that the books and records of the District be reviewed and that supporting evidence be accumulated to support any misappropriations that may have occurred.

An investigation of official misconduct by the prior Algonquin Road District Commissioner was conducted by the McHenry County State Attorney's office. This investigation includes the review of approximately \$260,000 in bonus payments to employees from May 2013 to May 2017 that are considered questionable in nature.

Objectives and Scope

The objective of the agreed-upon procedures was to evaluate payroll records and credit card charges for completeness, accuracy and determine if they are acceptable in mitigating fraud, waste and abuse.

Benford Brown & Associates' (BB&A) professional services were conducted in accordance with *Statement on Standards for Attestation Services No. 18* (SSAE No. 18) issued by the American Institute of Certified Public Accountants (AICPA). BB&A was initially engaged to cover all disbursements of the District for the period from January 1, 2010 to December 31, 2019. After discussions with the Algonquin Township Highway Commissioner and experiencing challenges with obtaining records requested in a timely manner, we limited our scope to include a review of credit card charges and payroll records for several employees. The detailed testing of these statements were designed to identify instances of noncompliance with the District's policies and

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procedures by reviewing quantitative and qualitative information. Our services were focused on the following objectives:

- Determine whether or not disbursements of Road District funds were properly authorized by the governing body.
- Determine whether or not there may have been improper dealings, such as related-party transactions.
- Determine whether or not any disbursements from the various Road District accounts may have been improper, e.g., not for the benefit of and/or in the best interest of the Road District.
- Evaluate current internal controls and provide recommendations for improvement.

Procedures

BB&A conducted fraud inquiries to address incentive/pressures present within the organization that may lead to fraud, opportunities for persons within the organization to commit fraud, and attitudes/rationalizations of personnel within the organization that may lead to fraud. For the purposes of this engagement, BB&A conducted the following procedures:

- **Inquiries** – BB&A conducted inquiries of key personnel to gain an understanding of the organization, the financial procedures, control environment, and practices as it relates to employee expense disbursements, reimbursements, authorizations, employee roles and reasonableness of vendor purchases and payroll processing. Inquiries were also used to obtain information about and to understand the reasoning for the agreed-upon procedures.
 - **Result** – Upon inquiries of key personnel risk of fraud was identified and internal controls have been established to minimize such risks on a going forward basis.
- **Summarization of Credit Card Expenditures Reviewed** – District credit card statements were analyzed to understand 1) the volume of transactions, 2) the dollars associated with the transaction, and 3) the reasonableness of the vendor type. BB&A compiled a summary by credit card with the monthly expenditures, costs, and vendors. Upon the completion of the summary, the expense reports and receipts related to the expenses were reviewed to support the charges.
- **Summarization of Payroll Records Reviewed** – The District requested we review and analyze the payroll records for four employees. Employee payroll records were reviewed for Andrew Rosecrans, Anne Mae Miller, Derek Lee and Ryan Provenzano.

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- **Result - Credit Card Review** – BB&A identified seven (7) credit cards used by the District between 2010 and 2019. Sixty (60) credit card statements were missing. Accounts totaling \$265,189.15 in charges and a total of 990 transactions contained missing receipts or were identified for additional testing. BB&A noted that the use of numerous vendors could be questioned regarding reasonableness when taking into consideration township road district laws. BB&A requested the credit card statements, receipts and business purpose for travel related expenditures. BB&A also requested copies of the fixed asset schedules. We were not fully successful in obtaining copies of all requested documents. Had underlying support been provided, BB&A would have been able to more thoroughly investigate transactions for impropriety and misappropriation.
- **Result - Payroll Record Review** – BB&A reviewed the timecards and paystubs for provided. We recalculated the hours on the timecards for each pay period, noting the regular hours, over time hours, sick time, paid time off and vacation hours. This information was totaled for each pay period. The timecard was compared to the paystub provided for the pay period. We did not receive all timecards or all paystubs requested, therefore we were not able to analyze those periods. Had underlying support been provided, BB&A would have been able to more thoroughly investigate transactions for impropriety and misappropriation.

(Information Source: District credit card statements, timecards, paystubs)

Per Credit Card Statements Period January 2010 – December 2019

<u>Credit Card</u>	<u>Total Expenditures reviewed</u>	<u>No. of Transactions</u>
American Express	\$ 194,691.17	730
Capital One	27,997.42	102
Chase	38,104.57	55
Home Depot	300.00	2
Lowes	928.61	2
Sam's Club	2,331.75	4
Visa	732.31	4
Fifth Third Bank	103.32	1
Total	\$ 265,189.15	990

(Information source: District credit card statements)

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Missing or incomplete credit card statements

We requested all credit card statements for all credit cards used from January 1, 2010 to December 31, 2019. We noted credit card statements and receipts were not being properly maintained on a consistent basis.

American Express

1. We received a partial American Express statement for the period ending on or around February 28, 2010.
2. We did not receive American Express Credit Card statements for periods listed below. The period end dates listed below are an estimation based on credit card activity. We also reviewed the following month's statement for a previous month's balance to determine if a statement was issued when possible.
 - a. March 26, 2016 to December 27, 2016
 - b. January 27, 2017 through December 27, 2017
 - c. January 27, 2018 through December 27, 2018
 - d. January 27, 2019 through December 27, 2019

Capital One

1. We did not receive Capital One Credit card statements for the periods listed below. The period end dates listed below are an estimation based on credit card activity. We also reviewed the following month's statement for a previous month's balance when possible.
 - a. March 23, 2010
 - b. September 26, 2010 through May 23, 2011
 - c. July 23, 2011 through September 23, 2011
 - d. November 23, 2011 through February 23, 2012
 - e. July 23, 2012
 - f. November 23, 2012 through December 23, 2012
 - g. March 23, 2013
 - h. September 23, 2014
 - i. January 23, 2015 through March 23, 2015
 - j. May 23, 2015 to June 23, 2015
 - k. October 23, 2015 to December 23, 2015
 - l. February 23, 2016 through December 23, 2019

Chase

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1. We did not receive Chase Credit Card statements for the periods listed below. The period end dates listed below are an estimation based on credit card activity. We also reviewed the following month's statement for a previous month's balance to determine if a statement was issued when possible.
 - a. January 1, 2010
 - b. April 1, 2010
 - c. January 1, 2012 through March 1, 2012
 - d. April 1, 2014 through December 1, 2014
 - e. July 1, 2015
 - f. April 1, 2016 through December 1, 2019

Home Depot

1. We did not receive Home Depot Credit Card statements for the period end dates listed below. The period end dates listed below are an estimation based on credit card activity. We also reviewed the following month's statement for a previous month's balance to determine if a statement was issued when possible.
 - a. March 28, 2010 through June 28, 2010
 - b. August 28, 2010
 - c. October 28, 2010 through September 28, 2011
 - d. November 28, 2011 through February 28, 2014
 - e. October 28, 2014
 - f. May 28, 2015
 - g. October 28, 2015
 - h. March 28, 2016 through August 28, 2017
 - i. December 28, 2017 through January 28, 2018
 - j. April 28, 2018 through June 28, 2019
 - k. August 28, 2019 through October 28, 2019
 - l. December 28, 2019
 - m. January 1, 2012 through March 31, 2017

Lowes

1. We did not receive Lowes Credit Card statements for the period end dates listed below. The period end dates listed below are an estimation based on credit card activity. We also reviewed the following month's statement for a

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previous month's balance to determine if a statement was issued when possible.

- a. January 17, 2010 through November 17, 2010
- b. February 17, 2011 through December 17, 2019

Sam's Club

1. We did not receive Sam's Club Credit Card statements for the period end dates listed below. The period end dates listed below are an estimation based on credit card activity. We also reviewed the following month's statement for a previous month's balance to determine if a statement was issued when possible.
 - a. January 2, 2010 through May 2, 2010
 - b. July 2, 2010 through October 2, 2010
 - c. February 2, 2011 through March 2, 2014
 - d. May 2, 2014
 - e. July 2, 2014 through September 2, 2014
 - f. November 2, 2014
 - g. February 2, 2015
 - h. April 2, 2015
 - i. June 2, 2015
 - j. August 2, 2015
 - k. October 2, 2015 to December 2, 2015
 - l. February 2, 2016
 - m. April 2, 2016 through December 2, 2019

Visa

1. We did not receive Visa Credit Card statements for the period end dates listed below. The period end dates listed below are an estimation based on credit card activity. We also reviewed the following month's statement for a previous month's balance to determine if a statement was issued when possible.
 - a. January 25, 2010 through April 25, 2011
 - b. July 25, 2011
 - c. September 25, 2011 through December 31, 2019

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Potentially Improper Credit Card Charges

For the asset purchases, we are not able to identify whether items purchased were for District activities. Our testing would need to include a review of fixed assets for the period under review. We have listed assets purchased via credit cards for which we were not able to determine were used for District activities. The majority of the receipts for meals did not contain detail of individuals present. Also, there were multiple purchases of surveillance cameras.

American Express

1. American Airlines - August 19, 2011 - \$1,532.40 - Twelve (12) plane tickets purchased, no receipt provided.
2. Amazon – There are several purchased via Amazon that appear to be abusive and/or documentation is missing.
 - a. iPod docking stations
 - b. iPad cases purchased a minimum of five times
 - c. iPad cover purchased in November 2012 and January 2013 for \$100 to \$180 each
 - d. Cannon Camera Lens (\$156)
 - e. Automotive multimedia kit (\$420)
 - f. Nones Music player (\$399)
 - g. Two (2) outdoor grills (\$1,240)
 - h. Framing Nailer (\$407)
 - i. Levi Jeans (\$90)
 - j. 10” digital frame (\$260)
 - k. 24 Inch LED Monitor (\$180)
 - l. Single purchase on July 31, 2013 (\$3,366) - no receipt provided
 - m. 46” TV (\$750)
3. American Diabetes Association – November 18, 2013 – (\$670) – Highway Commissioners Association Christmas Gifts
4. American Diabetes Association – (\$520) – No receipt provided
5. Augie’s front burner (\$409) – no receipt provided
6. Brewburgers, Bucky Express, BW Plus, Comfort Inn, KBKS Invest, Llc, Loves Country, Molly-BS, Rocky Mountain Park, Silver Moon Inn, The Egg and Estes, The Grub Steak, Wagon Wheel, Inc. – (\$1,540) – out of town meals, hotel, etc. did not find receipts for travel pertaining to township highway matters. Receipts are from locations in Nebraska, Colorado.
7. Brunch Café (\$5,225) – Election Judge Meals
8. Clutchfield – No receipt – E&B written on statement – (\$1,800). Kenwood navigation receiver and Cd receiver (\$1,500)

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9. Costco – charges on statement for \$320, \$660, \$550, \$495 and no receipts were provided
10. Countryside flowers - \$115
11. Disneyland admission tickets (\$182)
12. Dri Nuance – (\$150) – Philips Digit Voice
13. e-Access solution (\$213)
14. Ebay – (\$200) – 7” digital frame
15. Eddie Bauer – (\$250)
16. Edible Arrangements (\$200)
17. Ferguson Ent (\$80) – No receipt
18. Filomena (\$230)
19. Google Games (\$50)
20. Google Earth Store (\$600)
21. Hammacher Schlemmer (\$800) – GPS tracking system, alarm clock weather monitor, tablet mount
22. Herrington Corp (\$200) – 8GB picture keeper, quantity 2
23. H.H. Gregg – (\$2,800) – No receipt
24. Highland Park CVS - \$106 – No receipt
25. Hilton Springfield (\$215) – No receipt
26. Hobby Lobby – (\$120) – Home Accents
27. Improvements – (\$320) – Carport
28. iTunes (\$150) – various purchases, no receipt
29. Jensen Equipment – (\$350) – M18 Sawzall; (\$525) no receipt.
30. Kojaks – (\$5,000) – Election judges meal
31. Land’s End – (\$2,300) some receipts are missing
32. Levenger – (\$1,200) – tote bag, rollerball pen, refill and monogram for Anna May Miller
33. L.L. Bean – (\$600) – no receipts for purchases
34. Lowes – (\$230) – White sink cabinet
35. Meals – (\$8,300) in meals. The receipts did not contain who attended or the details of what – There are few that stood out Dunkin Donuts - \$77, Hooters (\$2,200) – three locations, Jewel’s (\$630)
36. Megagps.com – (\$200)
37. NATAT – (\$1,040) – Robert Miller, Joseph Powalowski and Jim Kelly were employees registered for the conference. Anna May Miller and Maura McKeever were guests that did not attend keynote events.
38. NATAT – (\$950) – Receipts don’t indicate who registered for conference
39. National Pen – (\$1,059) – In June 2012, 250 pens were purchased for \$281. In June 2013, 380 pens were purchased for \$780. The priced more than doubled for an additional 130 pens.
40. Officemax – (\$820) – Two identical color printers purchased within less than a month of each other

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41. Onlineshoes.com – (\$250)
42. OPC*McHenry – (\$1,000) – No receipt
43. Orvis – (\$1,025) – clothing purchases on 4 separate occasions. One purchase was a cashmere cardigan.
44. Osl Savesorb – (\$3,355) – compressed bags
45. Paypal – (\$350) – Debris Grabber
46. Renee’s Flowers – (\$325)
47. Sam’s Club – (\$745) – Several pop-up tents purchased
48. Seaport Boston – (\$993) – Harbor view room for expo
49. Sears – (\$2,900) – 2 socket sets, Levi jeans,
50. Shelpers (\$550) – five separate purchases, three purchases did not contain receipts
51. Siriusxm radio (\$6,000) – no receipts
52. Sports Authority – (\$2,200) exercise equipment
53. Terry’s Village – (\$762) – Highway commission Christmas gifts
54. The Eastman Company (\$620) – EW Rust Converter
55. The GPS Store – Isle Beach (\$1,000) – Garmin
56. The Kodak Store – (\$42)
57. Thewebsteraunt store – (\$40) – Numbers for early voting
58. Think Geek – (\$440) – No receipt, video cameras written on statement
59. Tigerdirect.com – (\$800) – web cam, digital software and HP Probook
60. TSP*Travel – (\$800) – No receipt
61. United Airlines – (\$1,700) – Email shows only Bob Miller as registered for conference. Airline tickets purchased for Anne May Miller, James Patrick Kelly and Joseph Powalowski
62. USPS – (\$4,200) – large amount of postage stamps purchased
63. Vanns.com – (\$3,300) no receipt – E&B written on statement
64. Versa Tube Bldg – (\$9,500)
65. Walmart – (\$1,300) – multiple gazebo purchases, Christmas gifts
66. Wilson’s Leather – (\$400)
67. Woolrich – (\$1,400) – Clothing, no receipts for some purchases
68. Yankee Candles – (\$630) – Christmas gifts

Potentially Improper Payroll Transactions

1. Employee #1 – Andrew Rosecrans

We requested timecards for this employee from 2010 through 2019. We received timecards for the week ending October 13, 2013 through May 2017.

- a. Year 2013

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- i. The majority of the timecards did not have an end time or had eight (8) hours written in on the timecards
 - ii. We did not receive any paystubs therefore we were unable to analyze the payroll for 2013.
 - b. Year 2014
 - i. The majority of the timecards did not have an end time or had eight (8) hours written in on the timecards.
 - ii. We received the paystub for only the last pay period of the year. For that per period, we noted the regular hours were underpaid by \$222 and the overtime hours were overpaid by \$771.
 - iii. We did not receive any paystubs for the other pay periods therefore we were unable to analyze the payroll for those periods.
 - c. Year 2015
 - i. Total regular hours were underpaid by \$361.
 - ii. Total overtime hours were overpaid by \$183.
 - iii. There was a total of eight (8) vacation hours that were listed on the timecards that were not listed on the paystubs.
 - iv. Fifteen (15) paystubs included a payment labeled "Misc." ranging from \$100 to \$1,700 for a total of \$6,685.
2. Employee #2 – Anne Mae Miller

We requested timecards for this employee from 2010 through 2019. We received timecard for the week ending October 6, 2013 through May 2017 when this employee retired.

- a. Year 2013
 - i. The timecards were received for the period ending October 6, 2013 through the end of 2013.
 - ii. Total regular time hours overpaid was \$2,944.
 - iii. Total overtime hours overpaid was \$494.
 - iv. Total vacation hours was overpaid by four (4) hours.
 - v. Total sick hours underpaid by nine hours.
 - vi. Four (4) paystubs included a payment labeled "Misc." ranging from \$200 to \$1,800 for a total of \$3,700.
 - vii. For each pay period, regular and/or overtime hours that were not accurate when recalculated.

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b. Year 2014

- i. We only received five (5) paystubs for this year therefore we could not complete an analysis of each pay period.

c. Year 2015

- i. Total regular hours overpaid was \$3,002.
- ii. Total overtime hours overpaid was \$196.
- iii. One hundred fifty-nine (159) vacation hours were listed on the timecards that were not listed on the paystubs.
- iv. Sick/PTO time was overpaid by forty (40) hours.

d. Year 2016

- i. Total regular hours overpaid was \$3,513.
- ii. Total overtime hours underpaid was \$189.
- iii. Two hundred seventy-three (273) vacation hours listed on the timecard were not listed on the paystubs.
- iv. Sick/PTO time was overpaid by seventeen and ½ (17.5) hours.
- v. Fifteen (15) paystubs include a payment labeled "Misc." ranging from \$200 to \$1,750 for a total of \$9,250.

e. Year 2017

- i. The final pay period was May 17, 2017.
- ii. Total regular hours overpaid was \$1,620.
- iii. Total overtime hours overpaid was \$478.
- iv. Total vacation hours overpaid was thirty (30) hours.
- v. Total Sick/PTO hours overpaid was twenty (20) hours.
- vi. Four (4) paystubs include a payment labeled "Misc." ranging from \$500 to \$750 for a total of \$2,250.

3. Employee #3 – Derek Lee

We requested timecards for this employee from 2010 through 2019. Most of the employee's timecards were incomplete, meaning the employee punches in, but doesn't punch out for lunch or for the day. The employee's timecards do match the hours on their paystub.

- a. We did not receive any timecards or paystubs for 2010 through 2012. Algonquin Township Clerk Karen Lukasik indicated that she did not

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possess any timecards. She stated in an email that the McHenry State's Attorney has custody of the timecards.

b. Year 2013

- i. The timecards we received started in October 2013.
- ii. The majority of the timecards did not have an end time listed on them.
- iii. The timecards have eight hours written in as the hours worked.
- iv. There were no pay stubs received.

c. Year 2014

- i. The only paystub received was for the last pay period of the year. For that pay period, the employee was paid \$262 less in regular pay than what was on his timecard. The employee was overpaid \$1,000 in overtime pay for this pay period.
- ii. The majority of the timecards do not have an end time listed on them. The timecards have eight (8) hours written in as the hours worked.

d. Year 2015

- i. All timecards and paystubs were received.
- ii. Regular pay was overpaid by \$262 for the year.
- iii. Overtime was underpaid by \$49 for the year.
- iv. Sick/PTO was paid out eighteen (18) hours less than what was reported on timecards. Some of the notes stated 2014 PTO used.
- v. The majority of timecards did not have an end time listed on them.
- vi. There were eleven (11) payroll checks that included a payment labeled "Misc." ranging from \$200 to \$1,500 for a total of \$6,100.
- vii. Sixteen (16) paystubs reported regular and/or overtime hours that were not accurate when recalculated.

e. Year 2016

- i. All timecards and paystubs were received.
- ii. Regular hours were underpaid by \$131 for the year.
- iii. Overtime was underpaid by \$283 for the year.
- iv. Vacation hours were overpaid by four (4) hours.
- v. The majority of timecards did not have an end time listed on them.
- vi. Sick hours were overpaid by eight (8) hours.
- vii. Eighteen (18) payroll checks included a payment labeled "Misc." ranging from \$135 to \$1,750 for a total of \$11,385.

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viii. 12 paystubs reported regular and/or overtime hours that were not accurate when recalculated.

f. Year 2017

- i. The timecard and paystubs were received through May 31, 2017.
- ii. Regular hours were overpaid by \$279 for the year.
- iii. Overtime hours were overpaid by \$172 for the year.
- iv. One timecard was missing. Algonquin Township Clerk Karen Lukasik indicated she did not possess any timecards. She stated in an email that the McHenry State's Attorney has custody of the timecards.
- v. The majority of timecards did not have an end time listed on them.
- vi. There are two checks with a Misc. payment. The total Misc. payments are \$650.
- vii. Eight (8) paystubs reported regular and/or overtime hours that were not accurate when recalculated.

4. Employee #4 – Ryan Provenzano

We requested timecards for this employee from 2018 through 2019.

- a. Ryan Provenzano worked for the township until February 2018. He was hired into the Road District in February 2018.
- b. For 2018, we received payroll information for twenty-one (21) pay periods.
- c. Nine (9) pay periods had missing timecards and four pay periods had missing paystubs. Algonquin Township Clerk Karen Lukasik indicated she did not possess any timecards. She stated in an email that the McHenry State's Attorney has custody of the timecards.
- d. Any pay periods with missing timecards or pay stubs we were not able to analyze because we had incomplete information.
- e. For the remaining periods for which we received timecards and paystubs we noted the following:
 - i. The employee was overpaid regular hours for seven (7) pay periods for a total overpayment of \$2,078.
 - ii. Overtime hours were overpaid or underpaid on the paystubs for seven (7) pay periods for a net total of \$601.
 - iii. PTO/Sick time paid was seven and ½ (7.5) hours more than what was reported on the timecards in 2018. Per discussion with District management there was a pay period in which the employee was underpaid. The underpayment was corrected on the next pay period.

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Period Covering January 2010 - December 2019

Conclusion

Results from our application of agreed-upon procedures for January 1, 2010 through March 31, 2017 indicate that internal control processes related to credit card charges and payroll were not operating in compliance with the District's policies and procedures over these types of transactions. As detailed earlier in our report, we noted that supporting documentation for many credit card charges and for payroll was either missing or incomplete to the point in which there was also noncompliance with minimum documentation standards set by the Internal Revenue Service. We noted that there was no clear evidence of independent review of timecards to ensure accuracy of hours worked or used for vacation or sick time. We noted that there were purchases related to election and campaign matters which is not in compliance with Illinois statutes. We also noted purchases of equipment and other capital assets but couldn't verify that they were in the custody of the District. Lastly, we noted purchases of personal items such as electronics and clothing and purchases of personal travel and entertainment.

Results from our application of agreed-upon procedures for April 1, 2017 through December 31, 2019 indicate that oversight processes related to credit card charges and payroll records were operating in compliance with the District's policies and procedures over these types of transactions. We noted the implementation of new internal control procedures during the period April 1, 2017 through December 31, 2017. These new procedures included a new timecard system, new documentation maintenance procedures (e.g. scanning of all documents and bills as electronic documents and made available online) and new timecard preparation and review procedures (e.g. employees no longer calculate their own timecard hours). Lastly, an employee that was responsible for some of the errors on the timecard calculations was terminated in August 2018.