



**Internal Audit Department
Employer Audit Report
Of
#1986 Oak Park SD 97
September 24, 2019**

FINDINGS AND RECOMMENDATIONS

#	Finding	Recommendation	Due Date
1	<p>As a result of further review of the Employer's payroll records and W-2s for previous years, it was noted that the employees listed in finding #8, as well as three employees already enrolled with IMRF, worked in excess of the 600 standard hours in the previous years as well. Therefore, they may be eligible to apply for omitted service.</p> <p>Our retrospective review of the hours was limited to the past three years. We identified the following employees:</p> <ul style="list-style-type: none"> • Teresa Brown: 2017 - Enrollment • Autesha Latimer: 2018 – Enrollment • Shelly Lewis: 2018 - Enrollment • Yolanda Lewis: 2017 - Enrollment • Alverdis Lofton: 2016 – Enrollment • Cornelia Mack: 2017 - Enrollment <p>Already Enrolled:</p> <ul style="list-style-type: none"> • Matthew Reckamp: 2018 – May 2019 • Phyllis Space: 2016 - December 2018 • James Tillman: 2018 - May 2019 	<p>Please review the names listed. If these employees worked in an IMRF eligible position in previous years, they are entitled to service credit even though the employer failed to deduct member contributions from their earnings.</p> <p>These employees should be offered the opportunity to purchase service credit for the months they worked in an IMRF eligible position and their member contributions were not deducted.</p> <p>Please submit IMRF form 6.05 "Omitted Service Credit Verification." The employees would be responsible for paying the member contributions if they choose to purchase the service. Refer to Section 6.40 "Past Service Credits/Member Account Corrections" in the Authorized Agents manual for more information. If an employee has a month of earnings that has partial omitted earnings and partial wages have been reported to IMRF, please contact the Wage Reporting Unit at 800-728-7971 ext. 2342 for additional instructions. If you have general questions regarding omitted service, please contact member services at 1-800-728-7971.</p> <p>Note: For any employee that was not enrolled, please submit the attached IMRF Form EAOM "Employer Audit Omitted Service" instead of the 6.05 for these employees. Please note the years requested under the 'Qualifying Service Period' section.</p>	9/3/2019

#	Finding	Recommendation	Due Date
2	<p>A review of 2018 W-2 forms and 2015-2019 payroll related data indicated that some employees worked less than the 600 standard hours during this period. Therefore, their participation needs to be terminated retroactively.</p> <p>We identified the following employees:</p> <ul style="list-style-type: none"> • Shilpa Advani - since December 2014 • Anne Marie Guerrier - since December 2014 • James Peterson-Strokosch - since November 2014 	<p>Please review the names listed and the hours these employees worked in the previous years. If you determine that these employees' position change had occurred sometime ago and they no longer are in a position that meets your hourly standard, their participation in IMRF should be terminated retroactively through the date you determine the position stopped meeting the hourly standard. However, this will require adjusting previously reported wages. Accordingly, please provide to Wage reports department a letter/fax indicating the correct termination date so that previously reported wages can be adjusted first. The Employer will receive a credit advice for both the employee and employer portion and will then refund the employee directly. You may contact our Wage Reporting Unit for further instructions about this process.</p>	9/3/2019

#	Finding	Recommendation	Due Date
3	<p>We performed a reconciliation of gross 2018 wages (from your payroll reports) to the wages reported to IMRF for several randomly selected employees. As a result of this reconciliation, we noted that the worker's compensation payment when supplemented for John Reardon was not reported to IMRF as wages.</p> <ul style="list-style-type: none"> • For the month January 2018 the employee received payroll wages in the amount of \$4,944.62 and workers' compensation wages in the amount of \$3,455.64 for total wages in the amount of \$8,400.26; however, \$5,543.52 was reported to IMRF causing wages to be under-reported by \$2,856.74. • For the month February 2018 the employee received payroll wages in the amount of \$1,681.22 and workers' compensation wages in the amount of \$3,455.64 for total wages in the amount of \$5,136.86; however, \$1,780.12 was reported to IMRF causing wages to be under-reported by \$3,356.74. • For the month March 2018 the employee received payroll wages in the amount of \$2,521.83 and workers' compensation wages in the amount of \$3,455.64 for total wages in the amount of \$5,977.47; however, \$2,670.18 was reported to IMRF causing wages to be under-reported by \$3,307.29. • For the month April 2018 the employee received payroll wages in the amount of \$1,681.22 and workers' compensation wages in the amount of \$3,455.64 for total wages in the amount of \$5,136.86; however, \$1,780.12 was reported to IMRF causing wages to be under-reported by \$3,356.74. • For the month May 2018 the employee received payroll wages in the amount of \$2,823.41 and workers' compensation wages in the amount of \$2,591.73 for total wages in the amount of \$5,415.14; however, \$2,922.31 was reported to IMRF causing wages to be under-reported by \$2,492.83. 	<p>Workers' compensation, by itself, is not reportable as IMRF earnings. But when an employer supplements a workers' compensation payment, both the supplement and the basic workers' compensation payment must be reported to IMRF. Regardless of the amount of the employer's supplement or how the supplement is paid, the workers' compensation payment is reportable.</p> <p>Please make wage adjustments for ALL IMRF employees impacted for the last 4 years. If the Employer plans to pay the member contributions on behalf of the members and does not plan to collect the contributions from the members, notify the Wage Reports Unit as this will have an impact on the correction by increasing the reportable wages and contributions owed.</p> <p>Please use Employer Access to adjust the wages and contributions for each impacted wage period. When completing the adjustments online, please indicate the total amount that should have been reported as the correct amount and identify the audit finding number in the "reason" for the wage adjustment. If you receive an error online for a retiree or member that has taken a refund, please contact the Wage Reporting Unit at 800-728-7971 ext. 2342 for additional instructions.</p>	9/3/2019

#	Finding	Recommendation	Due Date
4	<p>We performed a reconciliation of gross 2018 wages (from your payroll reports) to the wages reported to IMRF for several randomly selected employees.</p> <p>As a result of this reconciliation, we noted that you are reporting cash paid separately from salary and made in lieu of employer-provided health insurance or in association with or related to healthcare benefits as IMRF wages.</p> <p>The following individuals were noted:</p> <ul style="list-style-type: none"> • Desiree Bailey - \$284.80 (OPTAA Benefit Refund) • Bronwyn Mobley - \$500.00 (TAIN- Salary in Lieu of Insurance) 	<p>In order to have cash payments made separately from salary and made in lieu of employer-provided health insurance or in association with or related to healthcare benefits treated as IMRF wages, it will be necessary to pass Resolution 6.75 ("Suggested Resolution to Include Cash Payments Related to Health Insurance as IMRF Earnings") with an effective date of when the Employer started reporting this way.</p> <p>Please contact your Field Representative if further direction is needed to complete the resolution.</p> <p>If the governing body chooses not to pass Resolution 6.75, wage adjustments will be required for all affected IMRF members to 1/1/2018. However, best practice is to adjust out the erroneously reported compensation back to the point it was first included in IMRF earnings.</p> <p>Please use Employer Access to adjust the wages and contributions for each impacted wage period. When completing the adjustments online, please indicate the total amount that should have been reported as the correct amount and identify the audit finding number in the "reason" for the wage adjustment. If you receive an error online for a retiree or member that has taken a refund, please contact the Wage Reporting Unit at 800-728-7971 ext. 2342 for additional instructions.</p>	9/3/2019

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5	<p>While reviewing the gross wages per the Employer's payroll registers for calendar-year 2018, it was discovered that Julie Nickels received wages in the amount of \$88,158.96; however, only \$87,825.21 was reported to IMRF as wages, causing wages to be under reported by \$333.75. We noted the pay codes that were not reported to IMRF. It was confirmed with the District that these wages were for a position that is eligible for IMRF participation:</p> <ul style="list-style-type: none"> • Ext Cur 1 - \$250.00 • Instruction/Curricular - \$52.50 • Lunch-Sup-Tchr - \$31.25 	<p>Wage payments made to an employee during the employment relationship for all eligible work activities are reportable wages to the IMRF. Please file wage adjustments for the affected IMRF member.</p> <p>Please notify the Wage Reports Unit in the event the Employer plans to pay the member contributions on behalf of the impacted members and does not plan to collect the contributions from them. This will have an impact on the correction by increasing the reportable wages and contributions owed.</p> <p>Please use Employer Access to adjust the wages and contributions for each impacted wage period. When completing the adjustments online, please indicate the total amount that should have been reported as the correct amount and identify the audit finding number in the "reason" for the wage adjustment. If you receive an error online for a retiree or member that has taken a refund, please contact the Wage Reporting Unit at 800-728-7971 ext. 2342 for additional instructions.</p>	9/3/2019

#	Finding	Recommendation	Due Date
6	<p>We performed a reconciliation of gross wages to IMRF reported wages for calendar-year 2018. During this reconciliation, we noted an IMRF member who had pay code "AIDH" for Asst/Hourly wages during the year. It was further noted that this pay was not reported to IMRF. It was confirmed with the District that these wages were for a position that is eligible for IMRF participation:</p> <p>We identified the following employee:</p> <ul style="list-style-type: none"> • Bronwyn Mobley - \$1,365.13 	<p>Section 3.96 of the Authorized Agents manual states IMRF earnings are equal to the total paid to an employee for personal services or official duties as an employee up to the limit set by the Internal Revenue Code for qualified pension plans.</p> <p>Please make wage adjustments for ALL IMRF employees impacted for the last 4 years. If the Employer plans to pay the member contributions on behalf of the members and does not plan to collect the contributions from the members, notify the Wage Reports Unit as this will have an impact on the correction by increasing the reportable wages and contributions owed.</p> <p>Please use Employer Access to adjust the wages and contributions for each impacted wage period. When completing the adjustments online, please indicate the total amount that should have been reported as the correct amount and identify the audit finding number in the "reason" for the wage adjustment. If you receive an error online for a retiree or member that has taken a refund, please contact the Wage Reporting Unit at 800-728-7971 ext. 2342 for additional instructions.</p>	9/3/2019
7	<p>We performed a reconciliation of the 2018 IMRF voluntary additional contributions on your payroll register to the voluntary additional contributions reported to IMRF.</p> <ul style="list-style-type: none"> • Based on our review, we noted that contributions were over reported for Linda Cooper. The District withheld contributions of \$859.20; however, \$917.28 was reported to IMRF causing voluntary additional contributions to be over-reported by \$58.08. • Based on our review, we noted that contributions were under reported for Jeanne Keane. The District withheld contributions of \$6,810.17; however, \$5,788.81 was reported to IMRF causing voluntary additional contributions to be under-reported by \$1,021.36. 	<p>Please file wage adjustments for the affected IMRF members. Please use Employer Access to adjust the wages and contributions for each impacted wage period. When completing the adjustments online, please indicate the total amount that should have been reported as the correct amount and identify the audit finding number in the "reason" for the wage adjustment. If you receive an error online for a retiree or member that has taken a refund, please contact the Wage Reporting Unit at 800-728-7971 ext. 2342 for additional instructions.</p>	9/3/2019

#	Finding	Recommendation	Due Date
8	<p>A review of 2018 W-2 forms and 2016-2019 payroll related data indicated some employees may possibly be working more than the hourly standard which requires enrollment in IMRF.</p> <p>We identified the following employees:</p> <ul style="list-style-type: none"> • Teresa Brown • Autesha Latimer • Shelly Lewis • Yolanda Lewis • Alverdis Lofton • Cornelia Mack • Chataka Reed <p>[Note: Completed prior to audit report issuance]</p>	<p>Please review the names listed for the hourly requirement of the position held by each employee.</p> <p>If any employees from the list are already terminated or are no longer working, and new employees have replaced them, please review the hours worked of the new employees and if their positions require them to work more than the hourly standard, they need to be enrolled.</p> <p>Please enroll the eligible employees via Employer Access.</p> <p>Note: For any employee the District chooses not to enroll, please provide a written response explaining the reason for the determination.</p>	N/A
9	<p>As a result of further review of the Employer's payroll records and W-2s for previous years, it was noted that one employee worked in excess of the 600 standard hours and has since terminated. This former employee may still be eligible to apply for omitted service if the employee returns to work for any IMRF employer at a later date.</p> <p>Our retrospective review of the hours was limited to the past three years. We identified the following employee and the years in which the employee exceeded the standard 600 hours:</p> <p>Ciera Holdbrook: 2016-2018</p> <p>[Note: Completed prior to audit report issuance]</p>	<p>Please review the name listed. If this employee worked in an IMRF eligible position in previous years, the employee is entitled to service credit even though the employer failed to deduct member contributions from the employee's earnings.</p> <p>This employee should be offered the opportunity to purchase service credit for the time the employee worked in an IMRF eligible position.</p> <p>Please submit the attached IMRF Form EAOM "Employer Audit Omitted Service" for the eligible employee and note the years under the 'Qualifying Service Period' section.</p>	N/A