



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS ARTS COUNCIL

**COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2011**

Release Date: March 6, 2012

Summary of Findings:

Total this examination:	2
Total last examination:	3
Repeated from last examination:	1

SYNOPSIS

- The Illinois Arts Council did not adopt formal Agency rules.
- The Illinois Arts Council did not reconcile its cash receipts to cash receipts reported by the Comptroller.

{Expenditures and Activity Measures are summarized on the reverse page.}

**ILLINOIS ARTS COUNCIL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011**

EXPENDITURE STATISTICS	FY 2011	FY 2010	FY 2009
Total Expenditures.....	\$ 10,318,698	\$ 9,186,473	\$ 16,753,633
OPERATIONS TOTAL.....	\$ 2,329,108	\$ 1,486,173	\$ 2,113,700
% of Total Expenditures.....	22.6%	16.2%	12.6%
Personal Services.....	-	1,225,327	1,366,234
Other Payroll Costs (FICA, Retirement).....	-	89,891	389,376
Other Operating Expenditures.....	2,329,108	170,955	358,090
AWARDS AND GRANTS.....	\$ 7,989,590	\$ 7,700,300	\$ 14,639,933
% of Total Expenditures.....	77.4%	83.8%	87.4%
Total Receipts.....	\$ 1,321,045	\$ 1,613,697	\$ 1,568,024
Average Number of Employees.....	18	18	21

SELECTED ACTIVITY MEASURES	FY 2011	FY 2010	FY 2009
Federal Grant Receipts.....	\$ 1,173,600	\$ 1,471,100	\$ 1,382,800
Grant Applications Received (Not Examined)...	1,062	1,545	2,537

EXECUTIVE DIRECTOR
During Examination Period: Mr. Terry Scrogum
Currently: Mr. Terry Scrogum

Note: In FY 2011, Personal Services and Other Payroll Costs are included in Other Operating Expenditures.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**FAILURE TO ADOPT FORMAL RULES FOR AGENCY
AND GRANT PROCEDURES**

The Illinois Arts Council did not draft or adopt formal agency rules, including rules relating to grant procedures. Grant expenditures were \$8,768,533 and \$7,535,334 for fiscal years 2011 and 2010, respectively.

**Failure to draft or adopt formal
agency rules**

The Illinois Administrative Procedure Act (5 ILCS 100/5 et seq.) states that each agency shall maintain and file organizational rules, including a current description of the agency's organization, current procedures for information requests, and a current description of the agency's rulemaking procedures. (Finding 1, page 9) **This finding was first reported in 2007.**

We recommended the Agency draft organizational rules and grant procedures, then contact the Joint Committee on Administrative Rules (JCAR) for assistance with the formal adoption process.

**Council Officials stated they will
continue to seek the guidance of the
Office of the Governor**

Agency Officials stated they did not currently have the staff or legal support to engage in this process and due to the financial crisis of the State, did not foresee funds being appropriated for this. The Agency will, however, continue to seek guidance from the Office of the Governor on this finding. (For previous Council response, see Digest Footnote #1)

**FAILURE TO RECONCILE CASH RECEIPTS TO THE
STATE COMPTROLLER'S RECORDS**

**Cash receipts were not reconciled to
State Comptroller's records**

The Illinois Arts Council did not reconcile its cash receipts received to cash receipts reported by the State Comptroller. Cash receipts were \$1,321,045 and \$1,613,697 for Fiscal Year 2011 and Fiscal Year 2010, respectively.

The Statewide Accounting Management System Procedure (SAMS) 25.40.20 requires State Agencies to reconcile receipt account balances maintained by the Agency with Statewide receipt account records maintained by the Comptroller's Office. The reconciliation is required to be performed monthly and the Comptroller's Office notified of any irreconcilable differences so that corrective actions may be taken. (Finding 2, page 10)

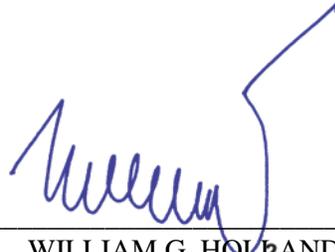
We recommended the Agency perform formal monthly cash receipt reconciliations as required by The Statewide Accounting Management System (SAMS).

Council agrees with auditors

Agency Officials stated they will perform formal monthly cash receipt reconciliations to fully comply with SAMS procedures.

AUDITORS' OPINION

We conducted a compliance examination of the Illinois Arts Council as required by the Illinois State Auditing Act. The Commission has no funds that require an audit leading to an opinion on financial statements.



WILLIAM G. HOLLAND
• Auditor General

WGH:JGR:rt

AUDITORS ASSIGNED

Our special assistant auditors on this engagement were McGreal & Company, PC.

DIGEST FOOTNOTES

#1 – FAILURE TO ADOPT FORMAL RULES FOR AGENCY AND GRANT PROCEDURES

2009: Illinois Arts Council officials partially agreed with our finding, citing shortage of staff and legal support to engage in the process to comply. The Agency will continue to seek the guidance of the Office of the Governor on this finding.