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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

5-94-52900-10

REPORT DIGEST

HISTORIC PRESERVATION AGENCY FINANCIAL AND COMPLIANCE AUDIT (In accordance with the Single Audit Act of 1984 and OMB Circular A-128) FOR THE TWO YEARS ENDED JUNE 30, 1994

SYNOPSIS

- The State Historical Society did not file copies of its audit report with the Governor and Auditor General as required by law. This finding has existed since 1992.
- The Historic Preservation Agency (Agency) distributed payroll warrants in advance of the distribution date set by the Comptroller. This finding has existed since 1992.
- The Agency did not timely file required reports with a federal grantor agency as required by federal regulations.
- The Agency did not publish an annual report for 1993 as required by statute.

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

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RECYCLED PAPER · SOYBEAN INKS

HISTORIC PRESERVATION AGENCY
FINANCIAL AND COMPLIANCE AUDIT
For The Two Years Ended June 30, 1994

EXPENDITURE STATISTICS	FY 1994	FY 1993	FY 1992
● Total Expenditures (All Funds)	\$10,908,130	\$10,229,228	\$11,384,828
<u>OPERATIONS TOTAL</u>	\$10,179,760	\$9,619,827	\$10,124,535
% of Total Expenditures	93.3%	94.0%	88.9%
Personal Services	\$6,639,053	\$6,169,804	\$6,635,893
% of Operations Expenditures	65.2%	64.1%	65.5%
Average No. of Employees	196	198	214
Other Payroll Costs (FICA, Retirement)	\$1,037,919	\$978,750	\$903,279
% of Operations Expenditures	10.2%	10.2%	8.9%
Contractual Services	\$1,104,458	\$1,062,023	\$1,248,517
% of Operations Expenditures	10.9%	11.0%	12.3%
All Other Operations Items	\$1,398,330	\$1,409,250	\$1,336,846
% of Operations Expenditures	13.7%	14.7%	13.2%
<u>GRANTS TOTAL</u>	\$503,823	\$384,452	\$899,603
% of Total Expenditures	4.6%	3.8%	7.9%
● Cost of Property and Equipment	\$78,430,256	\$75,548,017	\$71,321,992

SELECTED ACTIVITY MEASURES	FY 1994	FY 1993	FY 1992
● Lincoln's New Salem Visitor Attendance	578,415	625,116	659,286
● Cahokia Mounds Visitor Attendance	378,014	489,510	513,899
● Vietnam Vets Memorial Visitor Attendance	191,509	227,620	224,048
● Old State Capitol Visitor Attendance	141,705	147,874	179,246
● Black Hawk Visitor Attendance	131,364	151,768	142,782
● U.S. Grant Home Visitor Attendance	105,000	145,610	171,263

AGENCY DIRECTOR(S)
During Audit Period: Susan Mogerman Currently: Susan Mogerman

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

NONCOMPLIANCE WITH HISTORICAL LIBRARY ACT

The Historic Preservation Agency (Agency) did not ensure that the Illinois State Historical Society file copies of its audit with the Governor and the Auditor General for fiscal year 1993. The State Historical Library Act (20 ILCS 3425/6) requires that a copy of each audit of the Illinois State Historical Society be filed with the Governor and the Auditor General. **This finding has been repeated since 1992.** (Finding 6, page 13)

We recommend the Agency ensure that the State Historical Society file copies of the Society's audits in a timely manner with the required State officials. The Agency stated it will obtain copies of the audits from the Society and submit them to us for the record. (For previous agency responses, see Digest Footnote 1)

EARLY DISTRIBUTION OF PAYROLL WARRANTS

The Historic Preservation Agency distributed payroll warrants before the scheduled distribution date. According to the Comptroller's pay schedule, the Agency's employees were to be paid on the 13th and the 28th of each month. We tested one pay period and noted that payroll warrants were distributed six days early. The early distribution of payroll warrants reduces the State's control over cash balances in the State treasury. The Agency's personal services expenditures totalled \$6,169,806 and \$6,639,053 during fiscal year 1993 and fiscal year 1994, respectively. **This finding has been repeated since 1992.** (Finding 8, page 15)

We recommended the Agency insure that payroll warrants are distributed in accordance with policies prescribed by the Comptroller. The Agency responded that it will continue to distribute payroll warrants as before until further clarification is received from the Department of Central Management Services. (For previous agency responses, see Digest Footnote 2)

FEDERAL REPORTS WERE NOT TIMELY FILED

The Historic Preservation Agency did not file federal reports in a timely manner as required by federal regulations. The Agency entered into a grant agreement with the National Park Service. The agreement required the Agency to follow National Register Program guidelines. We noted that the Agency violated these guidelines by failing to file three of four quarterly Minority Business Enterprise reports timely. The reports were filed 15 to 102 days late. The Agency also filed an end-of-year report which was due on December 31, 1993 but was filed on October 17, 1994. (Finding 15, page 114)

We recommended the Agency comply with the federal regulations and submit all required reports on a timely basis. The Agency concurred and noted that much staff effort was focused on the flood grants. The Agency also noted that the normal load of 20 active grants increased to 77 active grants due to the flood of the summer of 1993.

In 1992 when this finding was first reported, the Agency responded that its reports were not timely filed due to an employee's oversight, and that corrective action would be taken.

FAILURE TO PUBLISH REPORT OF ACTION TAKEN

The Historic Preservation Agency (Agency) did not publish a report for fiscal year 1993 describing actions taken by the Agency as required by law. These actions include any project, activity, or program that results in changes in the character or use of historic property. The report is required to be included in the Agency's annual report.

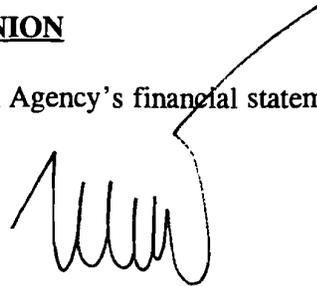
Agency personnel stated that an annual report was not published due to budget constraints. Without an annual report for 1993, the Agency had no means of reporting the Agency's actions. As a result of not publishing a report describing actions taken, the Agency is in violation of State statutes. This also reduces the General Assembly's ability to exercise oversight. (Finding 5, page 12)

We recommended the Agency comply with statute and produce an annual report or implement additional procedures to report the outline of Agency actions in accordance with the Act. The Agency responded that because of staff shortages in its Public Affairs and Development Division, the annual report was deferred. A new report will be published in January 1995 that will cover FY 93 and FY 94.

This finding was first reported in our compliance audit of Fiscal Year 1992. The Agency then responded that it planned to resume issuing an annual report that contains the required program information.

AUDITORS' OPINION

Our auditors state that the Historic Preservation Agency's financial statements are fairly presented at June 30, 1994.



WILLIAM G. HOLLAND, Auditor General

WGH:JTD:jr
March 22, 1995

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Findings	10	17
Repeated Findings	8	3
Prior Not Repeated	9	6

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors were Geo. S. Olive & Co. LLC.

DIGEST FOOTNOTES

#1: NONCOMPLIANCE WITH HISTORICAL LIBRARY ACT - Previous Agency Responses.

1992: "The Agency will work with the State Historical Society in an effort to assure that audits are filed as required."

#2: EARLY DISTRIBUTION OF PAYROLL WARRANTS - Previous Agency Responses.

1992: "The Agency does not concur with this finding. The employees of the Agency are receiving monies for work performed approximately two weeks prior to the warrant distribution. The checks are written, dated, and released by the Comptroller's office. No check is handed out prior to the date on the warrant. It is the Agency position that personnel are only receiving monies owed for past work performed."