



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

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**ILLINOIS ARTS COUNCIL**

**COMPLIANCE EXAMINATION  
For the Two Years Ended: June 30, 2013**

**Release Date: January 23, 2014**

**Summary of Findings:**

<b>Total this examination:</b>	<b>3</b>
<b>Total last examination:</b>	<b>2</b>
<b>Repeated from last examination:</b>	<b>2</b>

**SYNOPSIS**

- Formal rules for the Illinois Arts Council were not drafted or adopted.
- 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, 2013**

<b>EXPENDITURE STATISTICS</b>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
<b>Total Expenditures.....</b>	<b>\$ 8,941,437</b>	<b>\$ 9,885,199</b>	<b>\$ 10,318,698</b>
OPERATIONS TOTAL.....	\$ 1,457,743	\$ 1,596,131	\$ 2,329,108
% of Total Expenditures.....	16.3%	16.1%	22.6%
Personal Services.....	1,199,372	1,237,525	-
Other Payroll Costs (FICA, Retirement).....	87,388	90,768	-
All Other Operating Expenditures.....	170,983	267,838	2,329,108
AWARDS AND GRANTS.....	\$ 7,483,694	\$ 8,289,068	\$ 7,989,590
% of Total Expenditures.....	83.7%	83.9%	77.4%
<b>Total Receipts.....</b>	<b>\$ 1,043,297</b>	<b>\$ 1,148,834</b>	<b>\$ 1,321,045</b>
<b>Average Number of Employees.....</b>	<b>16</b>	<b>17</b>	<b>18</b>

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

<b>SELECTED ACTIVITY MEASURES</b>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
Grant Applications Received (Not Examined).....	1,149	1,048	1,062
Grant Applications Funded (Not Examined).....	953	883	865

<b>EXECUTIVE DIRECTOR</b>
During Examination Period: Ms. Tatiana Gant
Currently: Ms. Tatiana Gant

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

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

The Illinois Arts Council (Council) did not draft or adopt formal agency rules, including rules relating to grant procedures. Grant expenditures were \$7,432,415 and \$8,106,501 for fiscal years 2013 and 2012, 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, pages 9-10) **This finding was first reported in 2007.**

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

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

Council officials stated they have been in contact with the Office of the Governor for funding and will continue to seek guidance. (For previous Council response, see Digest Footnote #1)

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

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

The Council did not monthly reconcile its cash receipts received to cash receipts reported by the State Comptroller. Cash receipts were \$1,043,297 and \$1,148,834 for Fiscal Year 2013 and Fiscal Year 2012, respectively.

**Differences were noted in fiscal  
year 2012 and 2013 between  
Comptroller records and Council  
records**

- In Fiscal Year 2013, a \$10,000 receipt reported on the Comptroller's records in the Illinois Arts Council Federal Grant Fund was not recorded on the Council's records.
- In Fiscal Year 2012, a \$41 receipt reported on the Comptroller's records in the Illinois Arts Council State Trust Fund was recorded on the Council's records as a receipt in the General Revenue Fund. (Finding 2, pages 11-12)

We recommended the Council perform monthly cash receipt reconciliations and investigate any irreconcilable differences as required by SAMS Procedures.

**Council agrees with auditors**

Council officials stated they will perform monthly cash receipt reconciliations as required by SAMS procedures.

**OTHER FINDING**

The remaining finding in regard to the failure to implement an identity-protection policy is reportedly being given attention by the Council. Auditors will review the Council’s progress towards the implementation of the recommendation in the next engagement.

**AUDITORS’ OPINION**

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

A handwritten signature in blue ink, appearing to read "William G. Holland", is written over a horizontal line. The signature is stylized and cursive.

WILLIAM G. HOLLAND  
Auditor General

WGH:JGR

**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**

2011: The Agency does not currently have the staff or legal support to engage in this process. Due to the State’s on-going financial crisis, we do not anticipate IAC budget increases to support such an initiative during the next fiscal years. The Agency will seek the guidance of the Office of the Governor on this finding.