



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS ARTS COUNCIL

**Compliance Examination
 For the Two Years Ended June 30, 2015**

Release Date: January 28, 2016

FINDINGS THIS AUDIT: 4				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	0	0	2011		15-2	
Category 2:	2	2	4	2007		15-1	
Category 3:	0	0	0				
TOTAL	2	2	4				
FINDINGS LAST AUDIT: 3							

SYNOPSIS

- (15-1) Formal rules for the Illinois Arts Council were not drafted or adopted.
- (15-2) The Illinois Arts Council failed to properly reconcile its cash receipts to cash receipts reported by the Comptroller.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**ILLINOIS ARTS COUNCIL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015**

EXPENDITURE STATISTICS	FY 2015	FY 2014	FY 2013
Total Expenditures.....	\$ 8,793,479	\$ 10,835,274	\$ 8,941,437
OPERATIONS TOTAL.....	\$ 1,577,942	\$ 1,564,807	\$ 1,457,743
% of Total Expenditures.....	17.9%	14.4%	16.3%
Personal Services.....	1,283,665	1,228,668	1,199,372
Other Payroll Costs (FICA, Retirement).....	94,474	89,967	87,388
All Other Operating Expenditures.....	199,803	246,172	170,983
AWARDS AND GRANTS.....	\$ 7,215,537	\$ 9,270,467	\$ 7,483,694
% of Total Expenditures.....	82.1%	85.6%	83.7%
Total Receipts.....	\$ 903,110	\$ 812,495	\$ 1,043,297
Average Number of Employees (Not Examined).....	12	14	16

SELECTED ACTIVITY MEASURES (Not Examined)	FY 2015	FY 2014	FY 2013
Grant Applications Received.....	1,753	2,045	1,149
Grant Applications Funded.....	917	1,141	953

EXECUTIVE DIRECTOR
During Examination Period: Ms. Tatiana Gant
Currently: Ms. Tatiana Gant

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

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

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

The Illinois Arts Council (Council) did not draft or adopt formal agency rules, including rules relating to grant procedures. Grant expenditures were \$7,335,687 and \$9,360,941 for Fiscal Years 2015 and 2014, respectively. (Finding 1, pages 9-10) **This finding has been repeated since 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 agreed with auditors

Council officials agreed with our recommendation and stated they will continue to seek guidance from the Office of the Governor, specifically for resources to engage consultants with the expertise necessary to draft rules and procedures beyond those currently in place. *(For the previous Council response, see Digest Footnote #1.)*

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

**Cash receipts not properly
reconciled to the State Comptroller's
records**

The Council did not properly reconcile its cash receipts to cash receipts reported by the Comptroller as required by the Statewide Accounting Management System (SAMS). We noted the following errors in monthly cash receipt reconciliations.

**Differences noted in Fiscal Year
2015 between Comptroller's records
and the Council's records**

- In Fiscal Year 2015, when reconciling the Council records to the Comptroller's records, management did not use the actual amounts listed on the Comptroller's records. Per Council records, federal receipts of \$5,877 were erroneously included in both general revenue receipts and federal receipts. On the reconciliation, the Comptroller's balance was \$5,877 higher than the actual balance.
- In Fiscal Year 2015, receipts of \$52,434 for prior year refunds were recorded as miscellaneous income on the Comptroller's Monthly Revenue Status Report. Receipts were properly recorded in the Council's records. (Finding 2, pages 11-12) **This finding has been repeated since 2011.**

We recommended the Council investigate any irreconcilable differences as required by SAMS Procedures.

Council agreed with auditors

Council officials agreed with our recommendation and stated they will investigate any irreconcilable differences as required by procedure. *(For the previous Council response, see Digest Footnote #2.)*

OTHER FINDINGS

The remaining findings pertain to (1) noncompliance with the Fiscal Control and Internal Auditing Act and, (2) employee evaluations not completed timely. We will review the Council’s progress towards implementation of our recommendations in the next engagement.

ACCOUNTANT’S OPINION

We conducted a compliance examination of the Illinois Arts Council for the two years ended June 30, 2015, as required by the Illinois State Auditing Act. The auditors stated the Council complied, in all material respects, with the requirements described in the report.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:ROG

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this examination were McGreal & Company, PC.

DIGEST FOOTNOTES

#1 - Failure to Adopt Formal Rules For Agency and Grant Procedures – Previous Agency Response

2013 – Agree. The Illinois Arts Council Chairman (IAC) has been in contact with the Office of the Governor on this finding and will continue to seek guidance. The Chairman reports that the Governor’s Office Staff have stated that the IAC is moving forward in the proper manner. The IAC lacks the resources to engage consultants with the expertise necessary to draft rules and procedures beyond those currently in place. The IAC meets all state and federal requirements.

#2 - Failure To Properly Reconcile Cash Receipts To The State Comptroller's Records – Previous Agency Response

2013 – Agree. The IAC will perform monthly cash receipts reconciliations as required by SAMS procedures.