



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, 2017

Release Date: June 28, 2018

FINDINGS THIS AUDIT: 6	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2007		2017-001	
Category 2:	4	2	6	2015		2017-004	
Category 3:	0	0	0				
TOTAL	4	2	6				
FINDINGS LAST AUDIT: 4							

SYNOPSIS

- 2017-001 The Illinois Arts Council did not draft or adopt formal agency rules.
- 2017-002 The Illinois Arts Council did not have adequate controls over grant procedures.
- 2017-003 The Illinois Arts Council failed to maintain controls over accounts receivables.

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, 2017**

EXPENDITURE STATISTICS	FY 2017	FY 2016	2015
Total Expenditures.....	\$ 5,648,709	\$ 1,847,478	\$ 8,793,479
OPERATIONS TOTAL.....	\$ 891,908	\$ 1,012,578	\$ 1,577,942
% of Total Expenditures.....	15.8%	54.8%	17.9%
AWARDS AND GRANTS.....	\$ 4,756,801	\$ 834,900	\$ 7,215,537
% of Total Expenditures.....	84.2%	45.2%	82.1%
Total Receipts.....	\$ 905,487	\$ 903,600	\$ 903,110
Average Number of Employees (Not Examined).....	9	11	12

SELECTED ACTIVITY MEASURES (Not Examined)	FY 2017	FY 2016	FY 2015
Grant Applications Received.....	813	164	1,753
Grant Applications Funded.....	747	146	917

EXECUTIVE DIRECTOR
During Examination Period: Ms. Tatiana Gant (through 7/31/17)
Currently: Mr. Joshua Davis, Acting (effective 8/1/17)

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

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

Failure to adopt Council rules

The Illinois Arts Council (Council) did not draft or adopt formal agency rules, including rules relating to grant procedures. Grant expenditures were \$4,240,275 and \$817,365 for Fiscal Years 2017 and 2016, respectively. (Finding 1, page 9) **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 (JCAR) for assistance with the formal adoption process.

Council agreed with auditors

The Council agreed with the finding and stated they would continue to seek guidance from the Office of the Governor. Additionally, the Council stated they lacked the resources to engage consultants with expertise to formalize its rules. The Council also stated they met all state and federal requirements and their internal policies do cover important areas in JCAR rules. (*For the previous Council response, see Digest Footnote #1.*)

**INADEQUATE CONTROLS OVER GRANT
PROCEDURES**

**Failure to follow grant policies and
procedures**

The Council did not have adequate controls over grant procedures.

The Council failed to follow internal policies and procedures for grantees who filed their final reports late. Of the 60 grant files examined, 9 (15%) grantees had filed their final reports late. (Finding 2, page 10)

We recommended the Council enhance grant monitoring procedures to ensure all grant requirements are met and documented.

Council agreed with auditors

The Council agreed with the finding and stated they would enhance their grant monitoring procedures to ensure all grant requirements are met and documented.

**LACK OF CONTROLS OVER ACCOUNTS
RECEIVABLE**

**Failure to maintain controls over
accounts receivable**

The Council failed to maintain controls over accounts receivables.

Upon finalization of a grant, the grantee is to return to the Council unused grant funds. However, the Council did not

Did not maintain record of accounts receivables

maintain records of grant funds that were due back to the Council and as such did not maintain a record of accounts receivable at June 30, 2017 and 2016. (Finding 3, page 11)

We recommended the Council implement controls to properly identify and record accounts receivable from unspent grant funds.

Council agreed with auditors

The Council agreed with the finding and stated they will implement controls to properly identify and record accounts receivable from unspent grant funds.

OTHER FINDINGS

The remaining findings pertain to (1) employee evaluations not performed timely, (2) inadequate controls over property and equipment, and (3) noncompliance with the Arts Council Act. We will review the Council's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Illinois Arts Council for the two years ended June 30, 2017, as required by the Illinois State Auditing Act. The accountants stated the Illinois Arts Council complied, in all material aspects, with the requirements described in the report.

This compliance examination was conducted by Winkel, Parker & Foster, CPA PC.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:mkl

DIGEST FOOTNOTES

#1_ Failure to Adopt Formal Rules for Agency and Grant Procedures – previous Council response

2015: Agreed. The Illinois Arts Council Chairman 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. The Council will continue to meet all state and federal requirements.