



**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2019**

**Performed as Special Assistant Auditors  
for the Auditor General, State of Illinois**

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2019**

**TABLE OF CONTENTS**

	<u>Schedule</u>	<u>Page</u>
Council Officials		1
Management Assertion Letter		2
Compliance Report		
Summary		4
Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes		7
Schedule of Findings		
Current Findings – State Compliance		10
Prior Findings Not Repeated		15
Supplementary Information for State Compliance Purposes		
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures, and Lapsed Balances:		
Fiscal Year 2019	1	16
Fiscal Year 2018	2	17
Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances	3	18
Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller	4	20
Schedule of Changes in State Property	5	21
Analysis of Operations (Not Examined)		
Agency Functions and Planning Program (Not Examined)		22
Analysis of Significant Variations in Expenditures (Not Examined)		25
Analysis of Significant Variations in Receipts (Not Examined)		27
Analysis of Significant Lapse Period Spending (Not Examined)		28
Analysis of Accounts Receivable (Not Examined)		29
Average Number of Employees (Not Examined)		30

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2019**

**COUNCIL OFFICIALS**

Executive Director (08/01/17 - Present)	Joshua Davis-Ruperto
Executive Director (07/01/17 - 07/31/17)	Tatiana Gant
Chief Fiscal Officer	Yazoo Hall

**GOVERNING BOARD MEMBERS**

Chair	Shirley Madigan
Vice Chair	Rhoda Pierce
Secretary	Christina Gidwitz
Member	Jill Arena
Member	Beth Boosalis Davis
Member	Richard Daniels
Member	Lisa Dent Flesner
Member	Henry Godinez
Member	Desiree Grode
Member	Jodie Kavensky
Member	Valerie King
Member	Jennifer Levine
Member	Gary Matts
Member	Peggy Montes
Member	Sheila Marie O'Brien
Member	Cecilia Rodhe
Member	Christine Steelman
Member	Tim Touhy
Member	Donald T. Wiener
Member	Joan Clifford (09/24/19 – Present)
Member	Vacant (07/01/17 – 09/23/19)
Member	Vacant

**COUNCIL OFFICE**

The Illinois Arts Council's primary administrative office is located at:

James R. Thompson Center  
100 West Randolph Street  
Suite 10-500  
Chicago, IL 60601-3298



JB Pritzker  
*Governor*

Shirley R. Madigan  
*Chairman*

Joshua Davis-Ruperto  
*Executive Director*

## MANAGEMENT ASSERTION LETTER

December 23, 2019

Adelfia LLC  
Certified Public Accountants  
400 E. Randolph Street, Suite 700  
Chicago, Illinois 60601

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Arts Council (Council). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Council's compliance with the following specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018, and June 30, 2019, the Council has materially complied with the specified requirements listed below.

- A. The Council has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Council has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Council has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Council are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Council on behalf of the State or held in trust by the Council have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Illinois Arts Council

**SIGNED ORIGINAL ON FILE**

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Joshua Davis Ruperto  
Executive Director

**SIGNED ORIGINAL ON FILE**

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Yazoo Hall  
Chief Fiscal Officer

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2019**

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

**ACCOUNTANT'S REPORT**

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

	<u>Current Report</u>	<u>Prior Report</u>
Findings	4	6
Repeated Findings	1	2
Prior Recommendations Implemented or Not Repeated	5	2

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS ( <i>STATE COMPLIANCE</i> )				
2019-001	10	2017	Failure to Adopt Formal Rules for Agency and Grant Procedures	Noncompliance and Significant Deficiency
2019-002	11	New	Grants Awarded Information was Not Published Timely	Noncompliance and Significant Deficiency
2019-003	12	New	Inadequate Maintenance of Personnel Files	Noncompliance and Significant Deficiency

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2019**

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS ( <i>STATE COMPLIANCE</i> )				
2019-004	14	New	Monthly Reconciliations Not Performed	Noncompliance and Significant Deficiency
PRIOR FINDINGS NOT REPEATED				
A	15	2017	Inadequate Controls over Grant Procedures	
B	15	2017	Lack of Controls over Accounts Receivable	
C	15	2017	Employee Evaluations Not Completed Timely	
D	15	2017	Inadequate Controls over Property and Equipment	
E	15	2017	Noncompliance with Illinois Arts Council Act	

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2019**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Council personnel at an exit conference on December 11, 2019.

Attending were:

Illinois Arts Council

Joshua Davis-Ruperto, Executive Director  
Yazoo Hall, Chief Fiscal Officer  
Pamela Thomas, Executive Liaison

Office of the Auditor General

Reddy Bommareddi, Audit Manager (via teleconference)

Adelfia LLC

Stella Santos, Partner (via teleconference)  
Maria Balita, Partner  
Carl Ong, Audit Supervisor

The responses to the recommendations were provided by Yazoo Hall, Chief Fiscal Officer, in a correspondence dated November 26, 2019.



**INDEPENDENT ACCOUNTANT'S REPORT  
ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND  
ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Governing Board  
State of Illinois, Illinois Arts Council

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Illinois Arts Council (Council) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2019. Management of the Council is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Council's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Council has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Council has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Council has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Council are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the Council on behalf of the State or held in trust by the Council have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Council complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Council complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Council's compliance with the specified requirements.

In our opinion, the Council complied with the specified requirements during the two years ended June 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2019-001 through 2019-004.

The Council's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Council's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

### **Internal Control Over Compliance**

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Council's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Council's compliance with the specified requirements and to test and report on the Council's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material*

*weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2019-001 through 2019-004 that we consider to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Council's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Council's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

### **Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on the Council's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2018 and June 30, 2019, in Schedules 1 through 5 and the Analysis of Operations section are presented for purposes of additional analysis. Such information is the responsibility of Council management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the years ended June 30, 2018 and June 30, 2019, in Schedules 1 through 5. We have not applied procedures to the accompanying supplementary information for the years ended June 30, 2017, in Schedules 3 through 5 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any assurance on the accompanying supplementary information in Schedules 1 through 5 or the Analysis of Operations Section.

SIGNED ORIGINAL ON FILE

Chicago, Illinois  
December 23, 2019

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
SCHEDULE OF FINDINGS – STATE COMPLIANCE  
For the Two Years Ended June 30, 2019**

2019-001. **FINDING** (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 \$12,141,106 and \$8,888,367 for Fiscal Years 2019 and 2018, respectively.

The Illinois Administrative Procedure Act (5 ILCS 100/5 *et seq.*) requires each agency to 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. Additionally, the Illinois Administrative Procedure Act (5 ILCS 100/5-10) requires that policy affecting external parties be adopted and implemented through public rules to fully inform affected persons.

Council management indicated as they did in the prior year, they lack the resources to engage consultants with the expertise necessary to draft policies and procedures.

The lack of prescribed policies and procedures leaves the Council exposed to legal challenges from external parties and the lack of legitimacy to their actions and requests. (Finding Code No. 2019-001, 2017-001, 2015-001, 2013-001, 11-1, 09-1, 07-1)

**RECOMMENDATION**

We recommend the Council draft organizational rules and grant procedures, and work with the Joint Committee on Administrative Rules (JCAR) for assistance with the formal adoption process.

**COUNCIL RESPONSE**

The Council agrees. The Council's Chairman and other Board members will continue to seek guidance from the Office of the Governor. The Council lacks the resources to engage consultants with the expertise to formalize its rules in the JCAR process. The Council meets all State and federal requirements, and our internal policies do cover the important areas in JCAR rules.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
SCHEDULE OF FINDINGS – STATE COMPLIANCE  
For the Two Years Ended June 30, 2019**

2019-002. **FINDING** (Grants Awarded Information was Not Published Timely)

The Illinois Arts Council (Council) did not timely submit the grants awarded information to the Secretary of Innovation and Technology to publish online.

During our grant agreements testing for Fiscal Years 2018 and 2019, we noted the Council did not submit the grants awarded information on a quarterly basis to the Secretary of Innovation and Technology to publish online. Instead, the Council published the grants awarded in Fiscal Year 2018 on an annual basis to its website. However, as of our fieldwork end date, October 25, 2019, the grants awarded in Fiscal Year 2019 were not posted to the Council’s website. The Council awarded 1,023 and 843 grants in Fiscal Years 2019 and 2018, respectively.

The Grant Information Collection Act (Act) (30 ILCS 707/10) requires each grantor agency that is authorized to award grant funds coordinate with the Secretary of Innovation and Technology to provide for the publication of the previous fiscal year grant information, at data.illinois.gov or any other publicly accessible website designated by the Chief Information Officer (CIO). The grant information is required to be published at least on a quarterly basis.

Council management stated this was due to employee transition and the new person was not aware of the requirement to submit this information to the Secretary.

Failure to publish grants awarded data timely to a publicly accessible website leads to less transparency of the grants approval process. Also, failure to submit the grants awarded information to the Secretary of Innovation and Technology results in noncompliance with the Act. (Finding Code No. 2019-002)

**RECOMMENDATION**

We recommend the Council ensure grants awarded information is published on a quarterly basis to a publicly accessible website designated by the CIO of the State.

**COUNCIL RESPONSE**

The Council agrees. This issue has been resolved. The Council has put in place policies to ensure grants awarded information is published on a quarterly basis on the website designated by the CIO of the State.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
SCHEDULE OF FINDINGS – STATE COMPLIANCE  
For the Two Years Ended June 30, 2019**

2019-003. **FINDING** (Inadequate Maintenance of Personnel Files)

The Illinois Arts Council (Council) did not properly maintain personnel files supporting payroll deductions and withholdings.

During our employee payroll testing and review of personnel files, we noted the following:

- Two of three (67%) employees tested, did not have an updated Illinois W-4 form supporting the State withholding tax;
- One of three (33%) employees tested, did not have an updated Federal W-4 form supporting the federal withholding tax;
- Two of two (100%) employees tested, did not have supporting documentation for health and dental payroll deductions. Furthermore, for one employee tested, the health insurance deduction withheld for a month totaled \$498. The amount withheld should have been \$249. As of the end of fieldwork date, October 25, 2019, the employee was not reimbursed the \$249 withheld in error; and
- One of one (100%) employee tested, did not have the supporting documentation for optional life insurance election.

The Statewide Accounting Management System (Procedure 23.10.30) requires the agency to be responsible for completing the payroll voucher each pay period and attesting to the employee's rate of pay, gross earnings, deductions, net pay, and other required information on the voucher and file, and states the initial control of each payroll is at the agency level.

The State Salary and Annuity Withholding Act (5 ILCS 365/3 to 5 ILCS 365/5) states a deduction authorization form which is distributed by the employing agency authorizes the Comptroller to withhold monies from an employee's gross pay for a specific purpose authorized by the employee.

The State Records Act (5 ILCS 160/8) requires the Council to make and preserve records containing adequate and proper documentation of essential transactions of the Council.

Council management indicated they did not maintain W-4s of employees with subsequent changes in their elections due to oversight. With regard to the health, dental and optional life benefit elections, Council management stated they did not

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
SCHEDULE OF FINDINGS – STATE COMPLIANCE  
For the Two Years Ended June 30, 2019**

deem it necessary to maintain supporting documents since the benefits were directly elected by the employees in the Central Management Services system.

Failure to maintain adequate employee payroll withholding and deduction forms results in inaccurate or unauthorized withholdings and deductions. (Finding Code No. 2019-003)

**RECOMMENDATION**

We recommend the Council ensure personnel files are properly maintained and payroll vouchers are properly reviewed to ensure deductions and withholdings are accurate. We also recommend the Council reimburse the employee the amount withheld in error.

**COUNCIL RESPONSE**

The Council agrees. The Council has put in place a policy to ensure all of its staff has supporting payroll deductions and withholdings on file. The Council will analyze the employee's payroll to determine if the employee was overcharged for health insurance. If there is an overpayment; the Council will seek the assistance of CMS Payroll to refund the overpayment.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
SCHEDULE OF FINDINGS – STATE COMPLIANCE  
For the Two Years Ended June 30, 2019**

2019-004. **FINDING** (Monthly Reconciliations Not Performed)

The Illinois Arts Council (Council) failed to perform monthly reconciliations of its expenditures, contracts, and obligations activity.

For Fiscal Year 2019, the Council did not perform monthly expenditure reconciliations with the SAMS monthly Appropriation Status Report (SB01). Furthermore, the Council did not perform monthly reconciliations with the SAMS monthly Agency Contract Report (SC14) and Obligation Activity Report (SC15) for Fiscal Years 2018 and 2019.

SAMS (Procedure 11.40.20) requires the Council to perform monthly reconciliations of its unexpended budget authority balance and expenditures to the SB01 to ensure timely detection and correction of errors and to notify the Office of the Comptroller (Comptroller) of any irreconcilable differences.

SAMS (Procedures 15.30.10 and 15.30.20) states each agency is required to reconcile the information reported on the SC14 and SC15 and report any discrepancies to the Comptroller.

Council management stated due to the transition to the Enterprise Resource Planning (ERP) System in Fiscal Year 2019, the Council was unable to generate the typical monthly expenditure reports and did not inquire or coordinate if there were alternative reports by expenditure line item that would provide the same information to be able to reconcile expenditures monthly, instead performing reconciliation at the year-end only. Council management also stated contract and obligation reconciliations were not performed due to oversight.

Failure to perform monthly expenditure, contract, and obligation reconciliations timely could result in errors or other irregularities going undetected for a significant period of time and also results in noncompliance with SAMS. (Finding Code No. 2019-004)

**RECOMMENDATION**

We recommend the Council reconcile its expenditures, contracts, and obligations activity in accordance with the SAMS manual.

**COUNCIL RESPONSE**

The Council agrees. Though a monthly reconciliation was taking place, the Council will maintain formal reconciliations of expenditures, contracts and obligations moving forward.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED  
For the Two Years Ended June 30, 2019**

A. **FINDING** (Inadequate Controls over Grant Procedures)

During the prior examination, the Council did not have adequate controls over grant procedures.

During the current examination, the results of our testing indicated the Council strengthened its controls over grant procedures, and the exceptions identified were reported in the immaterial findings letter as Finding Code No. IM2019-001. (Finding Code No. 2017-002)

B. **FINDING** (Lack of Controls over Accounts Receivable)

During the prior examination, the Council failed to maintain controls over accounts receivables.

During the current examination, the results of our testing indicated the Council maintained accounts receivable records for unspent grant monies due from grantees. (Finding Code No. 2017-003)

C. **FINDING** (Employee Evaluations Not Completed Timely)

During the prior examination, the Council did not conduct annual employee performance evaluations in accordance with Personnel Rules.

During the current examination, the results of our testing indicated the Council conducted the annual employee performance evaluations. (Finding Code No. 2017-004, 2015-004)

D. **FINDING** (Inadequate Controls over Property and Equipment)

During the prior examination, the Council did not have adequate controls over its property and equipment.

During the current examination, the results of our testing indicated similar issues were not noted on the Council's quarterly State Property Forms. (Finding Code No. 2017-005)

E. **FINDING** (Noncompliance with Illinois Arts Council Act)

During the prior examination, the Council did not comply with the Arts Council Act.

During the current examination, even though some Council member terms were still expired, the Council met with the Governor to ensure timely appointment of members; hence, this finding has been moved to the immaterial findings letter as Finding Code No. IM2019-002. (Finding Code No. 2017-006)

SCHEDULE 1

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
Expenditure Authority for Fiscal Year 2019  
For the Sixteen Months Ended October 31, 2019

Public Act 100-0586  FISCAL YEAR 2019	Expenditure Authority (Net of Transfers)	Lapse Period		Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
		Expenditures Through June 30	Expenditures July 1 to October 31		
<b>APPROPRIATED FUNDS</b>					
<b>GENERAL REVENUE FUND - 001</b>					
Lump Sum - Operations	\$ 1,587,800	\$ 1,211,300	\$ 77,098	\$ 1,288,398	\$ 299,402
Lump Sum and Other Purposes	825,000	824,999	-	824,999	1
Awards and Grants	7,994,300	7,993,398	-	7,993,398	902
Awards and Grants, Lump Sum and Other Purposes	2,507,100	2,507,100	-	2,507,100	-
<b>ILLINOIS ARTS COUNCIL FEDERAL GRANT FUND - 657</b>					
Awards and Grants	935,000	817,216	-	817,216	117,784
Awards and Grants, Lump Sum and Other Purposes	65,000	40,333	2,084	42,417	22,583
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<b>\$ 13,914,200</b>	<b>\$ 13,394,346</b>	<b>\$ 79,182</b>	<b>\$ 13,473,528</b>	<b>\$ 440,672</b>

Note: Appropriations, expenditures, and lapsed balances were obtained from the records of the Office of the State Comptroller and a finding was noted that the Council did not reconcile its expenditures with the Comptroller's SB01 Reports during Fiscal Year 2019. See Finding 2019-004.

SCHEDULE 2

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
Expenditure Authority for Fiscal Year 2018  
For the Sixteen Months Ended October 31, 2018

Public Act 100-0021 FISCAL YEAR 2018	Expenditure Authority (Net of Transfers)	Lapse Period		Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
		Expenditures Through June 30	Expenditures July 1 to October 31		
<b>APPROPRIATED FUNDS</b>					
<b>GENERAL REVENUE FUND - 001</b>					
Lump Sum - Operations	\$ 1,395,400	\$ 1,105,863	\$ 16,634	\$ 1,122,497	\$ 272,903
Lump Sum and Other Purposes	500,000	437,957	36,000	473,957	26,043
Awards and Grants	5,494,300	5,205,531	10,590	5,216,121	278,179
Awards and Grants, Lump Sum and Other Purposes	2,507,100	2,260,063	118,528	2,378,591	128,509
<b>ILLINOIS ARTS COUNCIL FEDERAL GRANT FUND - 657</b>					
Awards and Grants	935,000	767,885	54,414	822,299	112,701
Awards and Grants, Lump Sum and Other Purposes	65,000	40,161	4,786	44,947	20,053
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<b>\$ 10,896,800</b>	<b>\$ 9,817,460</b>	<b>\$ 240,952</b>	<b>\$ 10,058,412</b>	<b>\$ 838,388</b>

Note: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of October 31, 2018, and have been reconciled to the Council's records.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
For the Fiscal Years Ended June 30, 2019, 2018 and 2017**

	Fiscal Year		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021	P.A. 99-0524 Court Ordered Expenditures
<b>APPROPRIATED FUNDS</b>			
<b>GENERAL REVENUE FUND - 001</b>			
Expenditure Authority (net of transfers)	\$ 12,914,200	\$ 9,896,800	\$ 5,305,852
Expenditures			
Lump Sum - Operations	1,288,398	1,122,497	767,071
Lump Sum and Other Purposes	824,999	473,957	-
Awards and Grants	7,993,398	5,216,121	-
Awards and Grants, Lump Sums and Other Purposes	2,507,100	2,378,591	3,860,483
Total Expenditures	<u>12,613,895</u>	<u>9,191,166</u>	<u>4,627,554</u>
Lapsed Balances	<u>\$ 300,305</u>	<u>\$ 705,634</u>	<u>\$ 678,298</u>
<b>ILLINOIS ARTS COUNCIL FEDERAL GRANT FUND - 657</b>			
Expenditure Authority (net of transfers)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Expenditures			
Awards and Grants	817,216	822,299	880,595
Awards and Grants, Lump Sums and Other Purposes	42,417	44,947	15,723
Total Expenditures	<u>859,633</u>	<u>867,246</u>	<u>896,318</u>
Lapsed Balances	<u>\$ 140,367</u>	<u>\$ 132,754</u>	<u>\$ 103,682</u>
<b>ILLINOIS ARTS COUNCIL BUDGET STABILIZATION FUND - 686</b>			
Expenditure Authority (net of transfers)	\$ -	\$ -	\$ 125,000
Expenditures			
Lump Sums and Other Purposes	-	-	124,837
Total Expenditures	<u>-</u>	<u>-</u>	<u>124,837</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163</u>
<b>GRAND TOTAL - APPROPRIATED FUNDS</b>			
Expenditure Authority (net of transfers)	\$ 13,914,200	\$ 10,896,800	\$ 6,430,852
Total Expenditures	<u>13,473,528</u>	<u>10,058,412</u>	<u>5,648,709</u>
Lapsed Balances	<u>\$ 440,672</u>	<u>\$ 838,388</u>	<u>\$ 782,143</u>

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
For the Fiscal Years Ended June 30, 2019, 2018 and 2017

**Appropriation Authorization Fiscal Year 2019**

**Note 1:** Appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records as of October 31, 2019, and a finding was noted that the Council did not reconcile its expenditures with the Comptroller's SB01 Reports during Fiscal Year 2019. See Finding 2019-004.

**Appropriation Authorization Fiscal Year 2018**

**Note 1:** Appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records as of October 31, 2018, and have been reconciled to the Comptroller's records.

**Appropriation Authorization Fiscal Year 2017**

**Note 1:** Expenditure authority, appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to the Council's records.

**Note 2:** Expenditure amounts are vouchers approved for payment by the Council and submitted to the State Comptroller for payment to the vendor.

**Note 3:** The Circuit Court of St. Claire County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rate of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditures of funds and state such payments are added to the appropriations granted by the General Assembly, the Council was able to submit vouchers to pay its employees in full from Fund 001, which the Council was unable to pay until the passage of Public Act 100-0021.

**Note 4:** Public Act 99-0524 authorized the Council to pay Fiscal Year 2016 cost using its Fiscal Year 2017 appropriations for non-payroll expenditures. There were 34 invoices and totaling \$29,275 held by the Council and submitted against its Fund 001 Fiscal Year 2017 appropriations.

**Note 5:** During the Fiscal Year 2017, the Council operated without enacted appropriations until Public Act 100-021 was approved on July 6, 2017. During the impasse, the Council incurred non-payroll obligations with Fund 001 and Fund 657, which the Council was unable to pay until the passage of Public Act 100-0021.

**Note 6:** Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Council to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. There were 34 Fiscal Year 2016 invoices totaling \$29,275 held by the Council and submitted against its Fund 001 Fiscal Year 2017 appropriations.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND  
RECONCILIATION OF CASH RECEIPTS TO  
DEPOSITS REMITTED TO THE STATE COMPTROLLER  
For the Years Ended June 30, 2019, 2018 and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>GENERAL REVENUE FUND - 001</b>			
Prior Year Refund	\$ 83,468	\$ -	\$ 5,373
Miscellaneous	-	12	73
Total Cash Receipts Per Council	<u>83,468</u>	<u>12</u>	<u>5,446</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts Per State Comptroller's Records	<u>\$ 83,468</u>	<u>\$ 12</u>	<u>\$ 5,446</u>
<b>ILLINOIS ARTS COUNCIL FEDERAL GRANT FUND - 657</b>			
National Endowment for the Arts	\$ 855,500	\$ 850,800	\$ 875,900
Prior Year Refund	791	20,660	16,906
Prior Year Warrant Void	-	-	7,235
Total Cash Receipts Per Council	<u>856,291</u>	<u>871,460</u>	<u>900,041</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts Per State Comptroller's Records	<u>\$ 856,291</u>	<u>\$ 871,460</u>	<u>\$ 900,041</u>
<b>GRAND TOTAL - ALL FUNDS</b>			
Total Cash Receipts Per Council	\$ 939,759	\$ 871,472	\$ 905,487
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts Per State Comptroller's Records - All Funds	<u>\$ 939,759</u>	<u>\$ 871,472</u>	<u>\$ 905,487</u>

**SCHEDULE 5**

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
SCHEDULE OF CHANGES IN STATE PROPERTY  
For the Two Years Ended June 30, 2019**

	<b>State Property</b>
Balance at July 1, 2017	\$ 186,568
Additions	8,815
Deletions	(59,890)
Net Transfers	-
Balance at June 30, 2018	\$ 135,493
Balance at July 1, 2018	\$ 135,493
Additions	1,120
Deletions	(6,790)
Net Transfers	(37,435)
Balance at June 30, 2019	\$ 92,388

Note: This schedule has been derived from the Council's records, which were reconciled to quarterly property reports (Form C-15, *Agency Report of State Property*) submitted to the Office of the State Comptroller.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2019  
(Not Examined)**

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

The Illinois Arts Council was created by the Illinois General Assembly in 1965 through the Arts Council Act (20 ILCS 3915). The Council is governed by 21 private citizens from throughout Illinois. These members are chosen for their commitment to the arts and are appointed by the Governor. The members serve in a voluntary, non-paid capacity and are responsible for developing the State's public arts policy, fostering culturally diverse quality programs, and approving grant expenditures. The Council members are appointed for four-year terms. The Governor designates the Chairman. Many of the Council members are reappointed by the Governor for an additional four-year term.

Advisory panels are composed of volunteer experts from Illinois and are appointed by the Council's Chairman to assist the Council in the review of grant applications and to provide expertise on policy and program development. Panelists are selected through open nominations and serve for one-year terms.

**FUNCTIONS**

The functions of the Council are directed by the Council's mission statement: "to build a strong, creative, and connected Illinois through the arts."

The Council received funds through the State of Illinois General Revenue Fund appropriations and federal grants from the National Endowment for the Arts.

The State of Illinois' support of the arts includes production of theater, music, dance, ethnic and folk art, literature, exhibitions, media and visual art, as well as public benefits to the community. These benefits include: attracting and retaining businesses and residents, revitalizing downtowns, drawing tourists, providing a basis for quality elementary and secondary education, vitalizing neighborhoods, connecting people, and improving the quality of life. People of all regions, ages, cultures, abilities and economic conditions make arts happen throughout Illinois, through numerous grant programs from the Illinois Arts Council.

Funding from the Council benefits artists and arts organization, supports art organization's education programs that provide art experiences for schools and communities, provides operating support to art institutions and support for seminars and workshops. The Illinois Arts Council believes the arts are the first and a basic building block for education. The grants they provide help allow this to happen.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2019  
(Not Examined)**

**AGENCY FUNCTIONS AND PLANNING PROGRAM (Continued)**

**PLANNING PROGRAM**

The Council extended their 2013-2018 Strategic Plan into 2019. A team headed by the Council Chairman has been pulled together to develop the next five-year Strategic Plan. Surveys have been distributed and completed; staff has gone around the State speaking with individual artists; school and constituents of arts organizations to gather information on the needs of and changes to the art community. A facilitator has been identified to host the town hall meetings and public forums. We anticipate the completion of the next Strategic Plan to be finalized in 2020.

Until the next Strategic Plan has been completed, the Council is basing its core value off of the Greek phrase *E pluribus unum* (out of many, one); the Illinois Arts Council declares with One Voice that we shall be Better Together with the Arts.

The Council identified guiding principles to help fulfill their goals and purpose. The arts are not practiced in isolation. The creativity of many can be united in one common purpose which can build a more creative society in Illinois, help keep vibrant and strengthen the economy, all leading to the expression of excellence.

The Council has set forth the following driving forces in its Strategic Plan:

- Investment in arts education is an investment in our future. Education in the arts helps develop skills and motivate a creative workforce within the competitive global economy. This lifelong learning must be available to all Illinoisans.
- The Illinois Arts Council will build and sustain collaborations and partnerships with governmental bodies and private entities. Connected together, all will work towards a shared vision and one voice.
- Through grants and programs, the Council will promote artists and organizations which are vital to the advancement of the Illinois economy, quality of life, and mind.

In Fiscal Year 2018 the Council's appropriation budget was restored to \$10,896,800 allowing it to expand and reinstitute previously suspended programs. Reinstated programs include The Arts Tour & Live Music program, Literary Awards Program, Artist Fellowship Awards, and Summer Youth Employment in the Arts. In addition to program accomplishments, the Illinois Arts Council accepts on-line applications for nearly all programs. The Slide Room system is being used for submission and review of grant applications. The Council is also expanding their final program descriptive and financial reporting to on-line submission.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2019  
(Not Examined)**

**AGENCY FUNCTIONS AND PLANNING PROGRAM (Continued)**

The Illinois Arts Council has turned all of their IT functions over to the Department of Innovation and Technology (DoIT). The Council is working closely with the Grants Accountability and Transparency Unit (GATU). Staff is involved in and is sitting on several work groups helping to develop the State's new Grants Management database system. The accounting staff has completed the ERP training process and all payment vouchers are now done through this system.

The Illinois Arts Council board members meet periodically and actively plan aspects of the Council. The current members are:

Shirley Madigan – Chair  
Christina Gidwitz – Secretary  
Jill Arena  
Joan Clifford  
Richard Daniels  
Beth Boosalis Davis  
Lisa Dent Flesner  
Henry Godinez  
Desiree Grode  
Jodie Kavensky

Rhoda Pierce – Vice Chair  
Valerie King  
Jennifer Levine  
Gary Matts  
Peggy Montes  
Sheila Marie O'Brien  
Cecilia Rodhe  
Christina Steelman  
Tim Touhy  
Donald T. Wiener

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2019  
(Not Examined)**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**

Explanations for significant fluctuations in expenditures for the Illinois Arts Council (Council) greater than \$100,000 and 10% of total expenditures as presented in the Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Schedule 3) are detailed below.

**Fiscal Year 2019**

**General Revenue Fund – 001**

Lump sum – operations increased by \$167,293 or 15% in Fiscal Year 2019 due to an increase in personal service expenditures in order to have adequate staff for operations and grants administration. More grants were awarded during Fiscal Year 2019 as compared to Fiscal Year 2018.

Lump sum and other purposes increased by \$351,042 or 74% in Fiscal Year 2019 compared to Fiscal Year 2018 due to increased appropriation and grants expenditures relating to arts and foreign language programming in schools.

Awards and grants increased by \$2,777,277 or 53% in Fiscal Year 2019 due to more grants were awarded as compared to Fiscal Year 2018.

**Fiscal Year 2018**

**General Revenue Fund – 001**

Lump sum – operations increased by \$355,426 or 46% in Fiscal Year 2018 compared to Fiscal Year 2017 due to an increase in personal service expenditures for new hires during the year for operations.

Lump sum and other purposes increased by \$473,957 or 100% in Fiscal Year 2018 due to a new expenditure authority for arts and foreign language programming in schools that was not appropriated in Fiscal Year 2017.

Awards and grants increased by \$5,216,121 or 100% in Fiscal Year 2018 due to a new expenditure authority for grants and financial assistance that was not appropriated during Fiscal Year 2017.

Awards and grants – lump sums and other purposes decreased by \$1,481,891 or 38% in Fiscal Year 2018 compared to Fiscal Year 2017 due to a decrease in expenditure authority of this category.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2019  
(Not Examined)**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (Continued)**

**Illinois Arts Council Budget Stabilization Fund - 686**

Lump sums and other purposes decreased by \$124,837 or 100% in Fiscal Year 2018 compared to Fiscal Year 2017 as a result of no appropriation from Fund 686 in Fiscal Year 2018.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2019  
(Not Examined)**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**

Explanations for significant fluctuations in receipts for the Illinois Arts Council (Council) greater than \$15,000 and 10% of total receipts as presented in the Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller (Schedule 4) are detailed below.

**Fiscal Year 2019**

**General Revenue Fund – 001**

Prior year refunds increased by \$83,468 or 100% in Fiscal Year 2019 due to an increase in appropriations and awarding of grants during Fiscal Year 2018. Prior year refunds were unspent grant monies being returned to the Council.

**Illinois Arts Council Federal Grant Fund - 657**

Prior year refunds decreased by \$19,869 or 96% in Fiscal Year 2019 due to less refunds received relating to federal grants during Fiscal Year 2018. Grants awarded by the Council were significantly funded by State appropriations.

**Fiscal Year 2018**

There were no significant variations in receipts.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2019  
(Not Examined)**

**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**

Explanations for significant lapse period spending for the Illinois Arts Council (Council) greater than \$100,000 and 10% of total expenditures as presented in the Schedule of Appropriations, Expenditures, and Lapsed Balances for Fiscal Years 2019 and 2018, Schedule 1 and Schedule 2, respectively, are detailed below.

**Fiscal Year 2019**

There was no significant lapse period spending.

**Fiscal Year 2018**

There was no significant lapse period spending.

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2019  
(Not Examined)**

**ANALYSIS OF ACCOUNTS RECEIVABLE**

The accounts receivable for the Council's General Revenue Fund (Fund 001) and Illinois Arts Council Federal Grant Fund (Fund 657) represent unspent grant monies being returned to the Council from grantees. The following represents the aging of accounts receivable and estimated uncollectibles for June 30, 2019, and June 30, 2018.

<b>Fund 001</b>	Fiscal Year 2019	Fiscal Year 2018
Current	\$ -	\$ -
1 - 30 days old	-	-
31 - 90 days old	81	295
91 - 180 days old	-	65
Over 180 days old	50	-
Accounts receivable gross balance	131	360
Less: Estimated uncollectibles	-	-
Accounts receivable, net balance	\$ 131	\$ 360
<b>Fund 657</b>	Fiscal Year 2019	Fiscal Year 2018
Current	\$ -	\$ -
1 - 30 days old	-	-
31 - 90 days old	-	-
91 - 180 days old	-	-
Over 180 days old	-	620
Accounts receivable gross balance	-	-
Less: Estimated uncollectibles	-	-
Accounts receivable, net balance	\$ -	\$ 620

**STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2019  
(Not Examined)**

**AVERAGE NUMBER OF EMPLOYEES**

A comparative statement of the average number of persons employed by the Illinois Arts Council at full-time equivalents is presented below:

	Fiscal Year		
	2019	2018	2017
Administration			
Executive Director	1	1	1
Deputy Director	-	-	1
Chief of Operations/CFO	1	1	1
Fiscal Office	2	2	1
Grants Office	2	2	1
Support Staff	2	2	2
Total Administration	<u>8</u>	<u>8</u>	<u>7</u>
Programs			
Program Coordinators	4	4	2
Program Assistant	1	1	-
Total Programs	<u>5</u>	<u>5</u>	<u>2</u>
Total Employees	<u><u>13</u></u>	<u><u>13</u></u>	<u><u>9</u></u>