

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

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

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

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**AGENCY OFFICIALS**

BOARD OF TRUSTEES

James Bruner, Chairman (10/12/2015 through present)  
Sunny Fischer, Chairperson (through 10/11/2015)  
Gary L. Hammons  
Melinda Spitzer Johnson  
Victoria Willer (8/22/2016 through present)  
Jane Hay (10/12/2015 through present)  
Gail Shiel (10/12/2015 through present)  
Andrew Volpert (10/12/2015 through present)  
Daniel J. Arnold (through 10/11/2015)  
Julia S. Bachrach (through 8/21/2016)  
Jeanie Cooke (through 10/11/2015)  
Ted Flickinger (through 10/11/2015)

AGENCY OFFICIALS

Director	Heidi Brown-McCreery (3/1/2016 - present) Garth Madison – Acting (11/3/2015 - 2/29/2016) Amy Martin (through 11/2/2015)
Executive Director, Abraham Lincoln Presidential Library and Museum	Allan Lowe (7/11/2016 - present) Nadine O’Leary – Acting (10/17/2015 - 7/10/2016) Eileen Mackevich (through 10/16/2015)
Deputy Director	Ryan Prehn (9/1/2016 - present) Vacant (1/20/2015 - 8/31/2016) Catherine Shannon (through 1/19/2015)
Chief Legal Counsel	Josué Barba (2/1/17 - present) Vacant (1/17/2017 - 1/31/2017) Thomas Carlisle (5/2/2016 - 1/16/2017) Vacant (11/3/2015 - 5/1/2016) Garth Madison (through 11/2/2015)
Chief Fiscal Officer	Ed Harmeyer (7/15/2015 - present) Vacant (5/1/2015 - 7/14/2015) Eddy Fisher – Acting (through 4/30/2015)
Chief Internal Auditor	Rita Moore (2/18/2016 - present) Vacant (through 2/17/2016)
Historic Sites Director	Ryan Prehn (10/26/2015 - present) Vacant (10/1/2015 - 10/25/2015) Alyson Grady (through 9/30/2015)
Preservation Services Manager	Rachel Leibowitz
Historic Library Director	Samuel Wheeler – Acting (2/1/2017 - present) Zachary Boerger (10/15/2016 - 1/31/2017) Wanda Dole - Acting (6/22/2016 - 10/14/2016) Vacant (4/1/2015 - 6/21/2016) Kathryn Harris (through 3/31/2015)

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**AGENCY OFFICIALS**

Human Resources Director	Lori Tinsley (11/1/2015 – present) Vacant (8/16/2015 – 10/31/2015) Dawn DeFraties (through 8/15/15)
Administrative Services Director	Michael Norris
Legislative Director	Jennifer Hogan (8/15/2016 - present) Vacant (8/1/2016 – 8/14/2016) Peggy Snyder (11/30/2015 – 7/31/2016) Vacant (2/1/2015 – 11/29/2015) Sara Meeks (through 1/31/2015)
Communications & Public Affairs Director	Christopher Wills
Marketing Director	Katherine Parker (12/16/2016 - present) Vacant (through 12/15/2016)
Chief Information Officer	Jeremy Tedrow

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**AGENCY OFFICIALS**

AGENCY LOCATIONS

Executive Office and Administrative Services  
313 South Sixth Street  
Springfield, IL 62701

Preservation Services  
1 Old Capitol Plaza  
Springfield, IL 62701

Abraham Lincoln Presidential Library & Museum  
112-212 North Sixth Street  
Springfield, IL 62701

Historic sites and memorials maintained by the Agency which are staffed include:

Apple River  
Elizabeth, IL 61028

Lewis & Clark State Historic Site  
Hartford, IL 62048

Bishop Hill  
Bishop Hill, IL 61419

Lincoln Log Cabin  
Lerna, IL 62440

Black Hawk  
Rock Island, IL 61201

Lincoln's New Salem  
Petersburg, IL 62675

Bryant Cottage  
Bement, IL 61813

Lincoln's Tomb  
Springfield, IL 62702

Cahokia Courthouse  
Cahokia, IL 62206

Lincoln-Herndon Law Office  
Springfield, IL 62701

Cahokia Mounds  
Collinsville, IL 62234

Metamora Courthouse  
Metamora, IL 61548

Carl Sandburg Home  
Galesburg, IL 61401

Mt. Pulaski Courthouse  
Mt. Pulaski, IL 62656

Dana-Thomas House  
Springfield, IL 62704

Old State Capitol  
Springfield, IL 62701

David Davis Mansion  
Bloomington, IL 61701

Pierre Menard Home  
Ellis Grove, IL 62241

Douglas Tomb  
Chicago, IL 60628

Postville Courthouse  
Lincoln, IL 62656

Fort De Chartres  
Prairie Du Rocher, IL 62277

Pullman State Historic Site  
Chicago, IL 60616

Fort Kaskaskia  
Ellis Grove, IL 62241

Vachel Lindsay Home  
Springfield, IL 62701

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**AGENCY OFFICIALS**

Galena State Historic Site  
Galena, IL 61036

Vandalia Statehouse  
Vandalia, IL 62471

Jubilee College  
Brimfield, IL 61517

Historic sites and memorials maintained by the Agency which are not staffed include:

Albany Mounds  
Albany, IL 61230

Kincaid Mounds  
Unionville, IL 62910

Buel House  
Golconda, IL 62938

Korean War Memorial  
Springfield, IL 62701

Campbell's Island  
Rock Island, IL 61204

Lincoln Monument  
Dixon, IL 61021

Crenshaw House  
Equality, IL 62934

Lincoln Trail Memorial  
Lawrenceville, IL 62439

Emerald Mound  
Lebanon, IL 62254

Lovejoy Memorial  
Alton, IL 62002

Governor Bond Memorial  
Chester, IL 62233

Martin-Boismenu House  
Carondolet, IL 62240

Governor Cole Memorial  
Edwardsville, IL 62025

Moore Home  
Charleston, IL 62440

Governor Horner Memorial  
Chicago, IL 60618

Norwegian Settlers Memorial  
Norway, IL 60551

Grand Village of the Illinois  
Utica, IL 61373

Rose Hotel  
Elizabethtown, IL 62931

Halfway Tavern  
Iuka, IL 62849

Shawneetown Bank  
Old Shawneetown, IL 62984

Hofmann Tower  
Lyons, IL 60534

Sugar Loaf  
Collinsville, IL 62234

IL Vietnam Veterans Memorial  
Springfield, IL 62702

Wild Bill Hickok Memorial  
Troy Grove, IL 61372

Jarrot Mansion  
Cahokia, IL 62206

World War II Veterans Memorial  
Springfield, IL 62702

Kaskaskia Bell Memorial  
Ellis Grove, IL 62241



March 29, 2017

Borschneck, Pelletier & Co.  
Certified Public Accountants  
200 E. Court St., Suite 608  
Kankakee, IL 60901

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 Illinois Historic Preservation Agency (Agency). 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 Agency's compliance with the following assertions during the two years ended June 30, 2016. Based on this evaluation, we assert that during the years ended June 30, 2016 and June 30, 2015, the Agency has materially complied with the assertions below.

A. The Agency 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 Agency 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 Agency 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 Agency 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 Agency on behalf of the State or held in trust by the Agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Historic Preservation Agency

**SIGNED ORIGINAL ON FILE**

Heidi Brown-McCreery, Director

**SIGNED ORIGINAL ON FILE**

Ed Harmeyer, Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

Josué Barba, Chief Legal Counsel

Illinois Historic Preservation Agency  
313 South 6<sup>th</sup> Street  
Springfield, IL 62701

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

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**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with 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 or disclaimers, but does contain a qualified opinion on compliance and material weaknesses over internal control.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	20	19
Repeated findings	16	9
Prior recommendations implemented or not repeated	3	3

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2016-001	13	Lack of Controls Over Monthly Reconciliations	Material Noncompliance and Material Weakness
2016-002	15	Inadequate Controls Over Receipts and Refunds	Material Noncompliance and Material Weakness
2016-003	17	Property Control Weaknesses	Material Noncompliance and Material Weakness
2016-004	19	Inadequate Controls Over Historical Artifacts	Material Noncompliance and Material Weakness
2016-005	20	Inadequate Controls Over Investment of Public Funds	Material Noncompliance and Material Weakness

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**SCHEDULE OF FINDINGS - Continued**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
		FINDINGS (STATE COMPLIANCE) - Continued	
2016-006	23	Inadequate Controls Over Voucher Processing	Noncompliance and Significant Deficiency
2016-007	25	Failure to Comply with the Illinois State Agency Historic Resources Preservation Act	Noncompliance and Significant Deficiency
2016-008	28	Failure to Comply with the Historic Preservation Agency Act	Noncompliance and Significant Deficiency
2016-009	30	Inadequate Administration of the Amistad Commission	Noncompliance and Significant Deficiency
2016-010	31	Inadequate Controls Over Payroll and Time Reporting	Noncompliance and Significant Deficiency
2016-011	33	Lack of Sexual Harassment Prevention and Ethics Training	Noncompliance and Significant Deficiency
2016-012	34	Inadequate Controls Over Travel Expenditures	Noncompliance and Significant Deficiency
2016-013	36	Failure to Develop a Formal Fraud Risk Assessment Program	Noncompliance and Significant Deficiency
2016-014	37	Failure to Comply with the Historical Sites Listing Act	Noncompliance and Significant Deficiency
2016-015	38	Failure to Comply with the State Historical Library Act	Noncompliance and Significant Deficiency
2016-016	40	Inadequate Controls Over Accounts Receivable	Noncompliance and Significant Deficiency

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**SCHEDULE OF FINDINGS - Continued**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE) - Continued			
2016-017	42	Failure to Conduct Employee Performance Evaluations	Noncompliance and Significant Deficiency
2016-018	43	Failure to Implement Identity Protection Act	Noncompliance and Significant Deficiency
2016-019	44	Inadequate Controls Over Cash On-hand	Noncompliance and Significant Deficiency
2016-020	45	Failure to Comply with the State Employee Housing Act and Internal Revenue Service Regulations	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

A	47	Inadequate Internal Control Certifications and Risk Assessments
B	47	Inadequate Controls Over Grant Administration and Monitoring
C	47	Inadequate Controls Over Petty Cash Funds

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**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Historic Preservation Agency personnel in an exit conference on March 22, 2017. Attending were:

**Historic Preservation Agency**

Heidi Brown-McCreery, Director  
Ed Harmeyer, Chief Fiscal Officer  
Josué Barba, Chief Legal Counsel  
Rita Moore, Chief Internal Auditor  
Katherine Parker, Marketing Director

**Office of the Auditor General**

Lisa Kaigh, Audit Manager

**Borschnack, Pelletier & Co.**

Paul Pelletier, Partner  
Brian Creek, Manager

Responses to the recommendations were provided by Rita Moore in correspondence dated March 29, 2017.

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

Members of the Board of Trustees

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Historic Preservation Agency's (Agency) compliance with the 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, 2016. The management of the Agency is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

- A. The Agency 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 Agency 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 Agency 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 Agency 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 Agency on behalf of the State or held in trust by the Agency 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 as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

As described in items 2016-001 through 2016-005 in the accompanying schedule of findings, the Agency did not comply with requirements regarding: assertion C for items 2016-001 through 2016-005, assertion D for items 2016-001, 2016-002, and 2016-005, and assertion E for item 2016-005. Compliance with such requirements is necessary, in our opinion, for the Agency to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the Agency complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2016. However, the results of our procedures disclosed other instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2016-006 through 2016-020.

### **Internal Control**

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Agency's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2016-001 through 2016-005 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2016-006 through 2016-020 to be significant deficiencies.

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

The Agency's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Agency's responses and, accordingly, we express no opinion on the responses.

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

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2016 and June 30, 2015 in Schedules 1 through 10 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2016 and June 30, 2015 accompanying supplementary information in Schedules 1 through 10. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2016 and June 30, 2015 accompanying supplementary information in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

We have not applied procedures to the June 30, 2014 accompanying supplementary information in Schedules 3 through 8 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Agency's Board of Trustees and Agency management and is not intended to be and should not be used by anyone other than these specified parties.

**SIGNED ORIGINAL ON FILE**

Borschneck, Pelletier & Co.

Kankakee, Illinois  
March 29, 2017

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-001      FINDING:      Lack of Controls Over Monthly Reconciliations**

The Historic Preservation Agency (Agency) did not maintain adequate controls over monthly appropriation, cash receipt, and cash balance reconciliations.

The Agency expended \$22.2 million and \$17.2 million from four funds in Fiscal Year 2015 and five funds in Fiscal Year 2016, respectively. The Agency collected \$4.3 million and \$4.1 million into three funds in Fiscal Years 2015 and 2016, respectively. During our testing of Fiscal Years 2015 and 2016 reconciliations between Illinois Office of the Comptroller (IOC) records and Agency records, we noted the following:

- Monthly Revenue Status Report (SB04) reconciliations were not performed during the examination period. The Auditors reconciled the June 30 SB04 reports for each Fiscal Year and the Agency's records and noted several reconciling items. The Agency was unable to explain what the differences were or why some differences had not been corrected in the Agency's records. The unexplained differences totaled \$268 and \$7,134 for Fiscal Years 2015 and 2016, respectively. See Schedule 6 of this report.

The Statewide Accounting Management System (SAMS) Manual (Procedure 25.40.20) requires the Agency to perform a monthly reconciliation of receipt account balances and notify the IOC of any irreconcilable differences.

- Four of eight (50%) Monthly Appropriation Status Report (SB01) reconciliations tested were not performed timely. The reconciliations were performed 2 to 7 months late. Differences noted on the reconciliations were generally not corrected in the Agency's records.
- Eight of eight (100%) SB01 reconciliations tested included no evidence of an independent review.

The SAMS Manual (Procedure 11.40.20) requires the Agency to perform a monthly reconciliation of the unexpended budget authority balance per agency records to SAMS and notify the IOC of any irreconcilable differences.

- Four of four (100%) Monthly Cash Report (SB05) reconciliations tested for Fiscal Year 2015 lacked documentation of supervisory review. Four of four (100%) of the SB05 reconciliations that we attempted to test for Fiscal Year 2016 were never properly completed.

The SAMS Manual (Procedure 09.40.30) requires the Agency to perform a monthly reconciliation of cash balances on a timely basis and notify the IOC of any discrepancies to ensure early detection and correction of errors.

Prudent business practice requires proper internal controls, such as timely supervisory reviews and segregation of duties between the preparer and supervisor, be established to ensure the accuracy and reliability of accounting data.

Agency officials stated the uncompleted and untimely reconciliations were the result of staffing shortages and employee turnover. Agency officials further stated reconciliations were not independently reviewed due to the lack of staff. Due to the untimeliness of reconciliation completion and the complexity of making corrections in the accounting system, the Agency generally did not correct its records.

Failure to timely prepare and review appropriation, cash receipt, and cash balance reconciliations could lead to unresolved differences between Agency and IOC records, inaccurate financial reporting, and undetected loss or theft. Failure to document/perform reconciliation reviews increases the opportunity for misappropriation of State assets. (Finding Code No. 2016-001, 2014-007)

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**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-001**      **FINDING:**      Lack of Controls Over Monthly Reconciliations (Continued)

**RECOMMENDATION:**

We recommend the Agency ensure appropriation, cash receipt, and cash balance reconciliations are promptly and properly performed and reviewed and the responsibility for those functions be appropriately segregated. We further recommend the Agency correct its records when necessary.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. Reconciliations are being done on a monthly basis and proper documentation is being stored along with the reconciliation. The Fiscal Office has also implemented an independent supervisory review process and the Agency believes that the new accounting system will further correct the issues cited.

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**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-002      FINDING:      Inadequate Controls Over Receipts and Refunds**

The Historic Preservation Agency (Agency) did not maintain adequate internal controls over receipts and refunds.

As of June 30, 2015 and 2016, the Agency collected cash receipts of \$4.3 million and \$4.1 million, respectively, and refunds of \$18 thousand and \$3 thousand, respectively. During our testing, the following conditions were noted:

- The Agency did not maintain proper segregation of custody and recordkeeping duties over receipt collection and processing. One employee was responsible for: 1) recording receipts in the receipts ledger, 2) preparing receipt deposit transmittals (RDTs), and 3) depositing funds into the State Treasury.
- 37 of 59 (63%) RDTs tested, totaling \$145,432, were not independently reviewed and approved before transmission to the Illinois Office of the Comptroller (IOC).
- 1 of 59 (2%) RDTs tested, totaling \$2,653, and 6 of 6 (100%) refunds tested, totaling \$13,935, did not include documentation to support the date the check was received. Therefore, timeliness of the deposit could not be determined.
- 4 of 59 (7%) RDTs tested, totaling \$3,748, and 2 of 6 (33%) refunds tested, totaling \$7,412, did not include supporting documentation for the receipts or refunds.
- 1 of 59 (2%) RDTs tested, totaling \$2,653, was for a current year payroll refund. The Agency processed it as a miscellaneous receipt and subsequently processed it as a salary refund. The Agency failed to correct its records of recording as a miscellaneous receipt.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Management has ultimate responsibility for the Agency's internal control over reporting of financial information. This responsibility should include an adequate system of review of the completeness and accuracy of the Agency's financial records. In addition, the State Records Act (5 ILCS 160/9) requires agencies to establish and maintain a program for agency records management, which shall include effective controls over maintenance of records.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2) requires the Agency to keep proper books detailing an itemized account of all moneys received for or on behalf of the State of Illinois. The detail is required to include the date of receipt, the payor, purpose and amount, and the date and manner of disbursement.

Agency officials stated lack of segregation of duties over processing of receipts and refunds, lack of supporting documentation being maintained, and errors were due to staffing shortages and clerical mistakes.

Failure to maintain proper segregation of duties may result in theft or misappropriation of assets which may not be prevented or detected. In addition, lack of controls over the preparation and review of receipts and refunds may lead to inaccurate Agency records and the submission of inaccurate financial information to the Illinois Office of the Comptroller. (Finding Code No. 2016-002, 2014-002)

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-002**      **FINDING:**      Inadequate Controls Over Receipts and Refunds (Continued)

**RECOMMENDATION:**

We recommend the Agency establish proper segregation of duties over the receipts process, perform supervisory review over all reporting and transaction processing, and maintain accurate documentation to support receipt and refund activities and the related reviews performed.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Agency agrees that segregation of duties is necessary and will adjust staff roles to address the issue. Additionally, the Agency believes that the documentation and approval requirements under the new accounting system will help resolve this issue.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-003      FINDING:      Property Control Weaknesses**

The Historic Preservation Agency (Agency) did not maintain sufficient controls over its property and related fiscal records.

We noted the following:

- We tested all the Agency Reports of State Property (Form C-15) submitted to the Illinois Office of the Comptroller (IOC) for Fiscal Years 2015 and 2016. Errors noted on Form C-15 were as follows:
  - Total property value per the Agency's detailed property listing exceeded the amount reported on Form C-15 by \$22,640 and \$22,639 at June 30, 2015 and 2016, respectively.
  - The June 30, 2016 Capital Development Board (CDB) turnover (\$30,805) was not reported on the June 30, 2016 Form C-15.
  - The beginning balance on the September 30, 2014 Form C-15 did not agree to the ending balance from the prior report. The amount reported was \$1,765 less than the amount previously reported.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.10.30) states Form C-15 should present the total cost of State property, by category, reflected on the agency's records. The SAMS Manual (Procedure 29.20.10) requires the Agency to report the previous quarter's "Amount Per Agency Records" as the "Beginning Balance" on the Form C-15 and also requires the Agency to report amounts reported on the CDB turnover report as "Transfers in from CDB".

Agency officials stated the issues were due to oversight and human error when preparing Form C-15s.

- The Agency did not timely file the Form C-15 for one of eight (13%) quarters. The report was filed 35 days late. The SAMS Manual (Procedure 29.20.10) states Form C-15 is to be filed on a quarterly basis and should be submitted to the Office of the Comptroller no later than the last day of the month following the last day of the quarter.

Agency officials stated the report was late due to oversight.

- The Agency was unable to provide supporting documentation for 13 of 47 (28%) equipment additions tested, totaling \$8,930. For all 47 (100%) equipment additions tested, totaling \$83,203, the Agency could not provide documentation to determine whether the Agency's detailed property listing was updated to reflect the addition within 30 days of acquisition. The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.400) requires agencies to adjust property records within 30 days of acquisition, change, or deletion of equipment items. The State Records Act (5 ILCS 160/8) requires the head of each agency ensure records are prepared and maintained which contain documentation of the agency's essential transactions.

Agency officials stated not maintaining appropriate documentation was due to staff shortages in the area responsible for performing the updates.

- The Agency was unable to provide supporting documentation for five of five (100%) equipment deletions tested, totaling \$5,472. Also, the Agency could not provide us with documentation to determine whether the Agency's detailed property listing was updated to reflect the deletion within 30 days of disposal. The Code (44 Ill. Adm. Code 5010.400) requires agencies to adjust property records within 30 days of acquisition, change, or deletion of equipment items.

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For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
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**2016-003      FINDING:      Property Control Weaknesses (Continued)**

Agency officials stated not maintaining appropriate documentation was due to staff shortages in the area responsible for performing the updates.

- We examined the Agency's property inventory certification that was submitted to the Department of Central Management Services and noted the Agency reported 172 items, totaling \$131,003, of equipment that could not be located by the Agency. The State Property Control Act (Act) (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control and inventory of property under their jurisdiction. In addition, Section 6.02 of the Act requires each responsible officer to maintain a permanent record of all items of property under his or her jurisdiction and control.

Agency officials stated that the staff performing the inventory failed to locate certain items due to staff shortages and human error.

Failure to exercise adequate control over equipment increases the potential for fraud and possible loss or theft of State property, is noncompliance with the Act, the Code, and SAMS, and resulted in inaccurate property and fixed asset reporting. (Finding Code No. 2016-003, 2014-001, 12-5, 10-4, 08-14)

**RECOMMENDATION:**

We recommend the Agency strengthen controls over property and equipment to comply with applicable laws and regulations. Specifically, the Agency should implement procedures to ensure all equipment transactions are recorded timely and accurately, and documentation is retained. We further recommend the Agency include a supervisory review process in its procedures to ensure clerical, technical, and other errors are promptly detected and corrected.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. A complete physical inventory of each location is in progress and scheduled for completion by June 1, 2017. The audit will be reconciled with the last C-15 and all adjustments will be made on the C-15 required to be filed by July 31, 2017. The new State accounting system will require the Agency to track assets from the purchase request to physical receipt of the item.

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**COMPLIANCE EXAMINATION  
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**CURRENT YEAR FINDINGS  
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**2016-004      FINDING:      Inadequate Controls Over Historical Artifacts**

The Historic Preservation Agency (Agency) failed to maintain adequate internal controls over historical artifacts.

The Agency is responsible for the protection and interpretation of Illinois' history and historic resources, including the Abraham Lincoln Presidential Library and Museum and 56 historically significant sites representing over 2,000 years of human history across Illinois. The Agency collects and preserves historically important materials and maintains an artifact collection of over 40,000 items.

The Agency uses an electronic catalog system to track historical artifacts. No independent review of items added to or removed from the system was performed. In addition, physical inventory is performed by the custodian. We selected and tested 40 artifacts located at various sites that were visited and noted two (5%) artifacts on display that could not be located on the Agency's artifact inventory. The number of historical artifacts not catalogued could not be determined.

The State Property Control Act (Act) (30 ILCS 605/4) requires the Agency to be accountable for the supervision, control, and inventory of all property under its jurisdiction and control. The Act (30 ILCS 605/6.02) also requires each responsible officer to maintain a permanent record of all items of property under his or her jurisdiction and control. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Good internal controls would require segregation of duties for record keeping and approval of additions and deletions to the artifact catalog to ensure accountability for all historical items and to prevent missing entries which could result in an undetected loss or theft.

Agency officials stated that it was unable to correct the issues noted in the previous examination due to staffing vacancies.

Failure to maintain a complete inventory of artifacts could result in an artifact's disappearance going unnoticed. (Finding Code No. 2016-004, 2014-005)

**RECOMMENDATION:**

We recommend the Agency perform an inventory of all historical artifacts maintained and ensure each artifact is cataloged in the electronic catalog system. In addition, the Agency should implement internal controls requiring additions and deletions to the artifacts catalog be independently reviewed and approved.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Agency is challenged to implement the recommendation until funding becomes available to fill the Agency Curator position. The Agency has taken corrective action on this issue by conducting a yearly inventory of artifacts by site supervisory staff, but we have insufficient resources to maintain the electronic catalogue, or complete the independent approval of additions and deletions. We will fill the position as soon as resources are available and continue to monitor the paper physical inventory records.

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**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-005      FINDING:      Inadequate Controls Over Investment of Public Funds**

The Historic Preservation Agency (Agency) did not exercise adequate controls over its investment of public funds activities.

The Agency maintained a locally held fund to hold its investments. The locally held fund included cash and investments related to estate proceeds, Abraham Lincoln Presidential Library Foundation Public Trust contributions, and Korean Memorial contributions. As of June 30, 2015 and 2016, the fair value of balances in the locally held fund were \$3,029,428 and \$2,851,170, respectively.

During our testing, we noted the Agency had implemented an investment policy related to the investment of the estate proceeds which had a fair value of \$2,726,978 and \$2,680,639 as of June 30, 2015 and 2016, respectively. However, the Agency did not comply with the policy as follows:

- The Agency did not maintain support documenting the Agency Director's (Director) selection and the Board of Trustees' (Board) approval of the money management firm responsible for investing the locally held funds.
- The funds were not invested by the Director with assistance of the money management firm. We noted no evidence of active investment direction by the Agency.
- The Agency did not monitor investments to determine compliance with the policy's investment allocation requirements. At June 30, 2015 and 2016, 67% and 72% of funds, respectively, were invested in mutual funds. The underlying holdings of the mutual funds consisted of between 59% and 96% equity investments as of November 30, 2016.

The Agency's estate proceeds investment policy requires the money management firm be selected by the Director and approved by the Board. The policy also requires the funds be invested by the Director with the assistance of the money management firm. Additionally, the policy requires no more than 30% of the funds be invested in equity investments. In the previous examination, Agency officials stated the individual broker associated with the money management firm was selected by the Director and approved by the Board in 1995, but the broker moved to a new money management firm at a subsequent date. The lack of Board approval for the money management firm change was due to oversight. The issue related to investments not being managed by the Director with assistance of the money management firm was originally also attributed to oversight of the requirement included in the policy. Failure to monitor investments for investment policy compliance was due to the Agency's assumption the money management firm would ensure the investment allocation met the policy requirements. During the current examination, Agency officials stated they did not address any of these issues due to significant turnover of Agency management.

We noted the Agency did not implement an investment policy related to the investment of funds received from the Abraham Lincoln Presidential Library Foundation Public Trust or the Korean Memorial. By default, these funds were subject to the State Agency Investment Policy for Investments Not Under the Control of the State Treasurer (State Agency Investment Policy) developed by the Office of the Illinois State Treasurer (Treasurer). We noted the Agency was not in compliance with the policy as follows:

- The money management firm utilized by the Agency was not listed as an approved broker by the Treasurer.
- The Agency did not maintain an adequate system of internal controls over investment of public funds.

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For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
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**2016-005      FINDING:      Inadequate Controls Over Investment of Public Funds (Continued)**

Section 1.0 of the State Agency Investment Policy states the policy applies to any State Agency investment not under the control of the State Treasurer for which no other specific investment policy exists. Section 4.0 of the State Agency Investment Policy limits investment broker/dealers with which State Agencies may do business to those approved by the Treasurer. Section 10.0 of the State Agency Investment Policy requires a system of control and written operational procedures that shall be documented and filed with the Agency's Chief Internal Auditor for review. These controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by authorized investment officers. In the previous examination, Agency officials stated the issues noted were due to the Agency operating under the assumption the investment policy related to estate proceeds also covered the Abraham Lincoln Presidential Library Foundation Public Trust. As a result, the Agency did not realize they needed to use a broker approved by the Treasurer. Agency officials stated they have not addressed any of these issues since the prior examination due to significant turnover of Agency management. These funds have been held in cash equivalent accounts and have not been invested.

We also noted the Agency did not post investment related information to its website each month. The most current information posted was for June 30, 2015. The June 30, 2015 information posted was missing:

- Total monthly investment income and yield for all funds invested.
- Name of the Agency's approved broker.

The Accountability for the Investment of Public Funds Act (Act) (30 ILCS 237) requires Agencies with authority to invest public funds, to report by the 15th of each month on the Internet the amount of funds held by the Agency on the last day of the preceding month or the average daily balance for the preceding month, total monthly investment income and yield for all funds invested, the asset allocation of the investments made by the Agency, and the Agency's approved broker. Agency officials stated the missing information through June 30, 2015 was due to oversight of report content and ceased due to employee turnover.

Failure to comply with the Agency's estate proceeds investment policy and the State Agency Investment Policy could result in loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers. Failure to comply with the Act's provisions for public posting of investment information limits transparency related to the investment of public money by the State. (Finding Code No. 2016-005, 2014-003)

**RECOMMENDATION:**

We recommend the Agency comply with its estate proceeds investment policy by establishing and maintaining documentation verifying the money management firm was selected by the Director and approved by the Board, by ensuring the Director works with the money management firm to make investment decisions, and by ensuring the allocation of investments complies with the investment policy.

Additionally, we recommend the Agency develop an investment policy related to the other funds received or ensure compliance with the State Agency Investment Policy. If complying with the State Agency Investment Policy, the Agency should ensure the money management firm is listed as an approved broker by the Treasurer and proper controls are established.

Lastly, we recommend the Agency comply with the requirements of the Act to ensure transparency of the Agency's investment of public funds by posting the required information on its website by the 15th of each month.

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**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-005**      **FINDING:**      Inadequate Controls Over Investment of Public Funds (Continued)

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Agency will follow the recommendation to develop and document compliance with established policies and will post all appropriate information on the Agency's web-site in a timely manner.

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**COMPLIANCE EXAMINATION  
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**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-006      FINDING:      Inadequate Controls Over Voucher Processing**

The Historic Preservation Agency (Agency) did not have adequate controls over voucher processing.

During our examination, we tested 301 vouchers for expenditures, totaling \$846,921, and noted the following:

- 83 of 215 (39%) Fiscal Year 2015 vouchers, totaling \$199,738, were approved more than 30 days after receipt of a proper bill. These vouchers were approved for payment from 2 to 382 days late.
- 10 (3%) vouchers, totaling \$24,256, did not include the receiving officer's signature.
- 3 (1%) vouchers, totaling \$460, were charged to an incorrect detail object code.
- 13 of 215 (6%) of Fiscal Year 2015 vouchers, totaling \$33,472, where the Agency failed to process an additional voucher to pay the vendor required interest, totaling \$446. We also noted the Agency did not voucher any required interest payments for Fiscal Year 2015 or 2016 as of end of field work.
- 2 (1%) vouchers, totaling \$1,800, where the Agency processed the payment to the vendor without obtaining a detailed invoice from the vendor.
- 2 (1%) vouchers, totaling \$10,814, where the Agency was unable to locate the voucher and the supporting documentation.
- 64 (21%) vouchers, totaling \$159,518, were not approved by the proper unit head.
- 1 (0.3%) grant voucher, totaling \$1,185, was not mathematically correct. The Agency mistakenly added \$750 to the voucher which was actually the grant amount due to a different vendor.

The Illinois Administrative Code (74 Ill. Adm. Code 900.70(b)) requires State agencies to approve proper bills or deny bills with defects, in whole or in part, within 30 days after receipt.

The Statewide Accounting Management System (SAMS) Manual (Procedure 17.20.20) states, "Upon receipt of goods or services, the receiving officer verifies that the goods or services meet the stated specifications and forwards the Vendor's invoice to the accounting department for preparation of the Invoice-voucher."

The SAMS Manual (Procedure 11.10.60) requires the Agency, when preparing documentation for the State Comptroller to pay an invoice, to determine which detail expenditure (object) code to use so that the State Comptroller can report expenditure information at a refined level. Those codes are found and defined in Chapter 11 of the SAMS Manual.

The State Prompt Payment Act (30 ILCS 540/3-2) states that a State Agency shall pay an invoice within 90 days after receiving the invoice for goods or services that were furnished to the State. If payment is not issued within 90 days, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month or 0.033% for each day, after the end of this 90-day period, until final payment is made.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. A strong system of internal controls would include procedures requiring sufficient documentation of purchases to ensure accuracy, reasonableness and necessity for Agency operations, and approvals.

The SAMS Manual (Procedure 17.10.30) states, "The primary system control associated with the vouchering process is known as pre-audit... All vouchers are first pre-audited at the agency level. Agency level pre-auditing is defined as an examination by the agency head or designated individual for the purpose of determining the legality and propriety of a proposed transaction or a transaction in process."

The State Records Act (5 ILCS 160/8) requires the head of each agency ensure records are prepared and maintained which contain documentation of the agency's essential transactions.

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For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-006      FINDING:      Inadequate Controls Over Voucher Processing (Continued)**

Agency officials stated the above exceptions were due to numerous factors, including Agency turnover, clerical errors, timing of receipt of invoices at historic sites and subsequent transfer to the central office for payment, inadequate documentation of receipt of proper bill dates, and oversight.

Inadequate controls over voucher review and approval can lead to inaccurate voucher processing, misappropriation, misuse of State funds, or payment for goods and services not received. In addition, improper coding on vouchers could lead to inaccurate financial reporting. (Finding Code No. 2016-006)

**RECOMMENDATION:**

We recommend the Agency improve its procedures to ensure vouchers are thoroughly reviewed to detect and correct errors and to comply with SAMS and statutory requirements. In addition, documentation should be maintained to support all reviews performed and substantiate all vouchers processed. The Agency should also improve its procedures to document the receipt of a proper bill and ensure that proper prompt payment interest is paid when required. We also recommend the Agency recoup the overpayment from the grantee.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Agency is working to develop procedures and processes addressing the issues discovered with voucher processing. The Fiscal Office is actively working with the Historic Sites Division, individual site managers, and the Abraham Lincoln Presidential Library and Museum to ensure proper receiving officer (RO) signatures and prompt receipt of the invoice at the Fiscal Office. As Fiscal Office staffing has improved, the Fiscal Office is now using a "pre-audit" worksheet in its training and the Agency believes that its migration to the State's new accounting system will further correct the issues cited.

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For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
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**2016-007**      **FINDING:**      Failure to Comply with the Illinois State Agency Historic Resources Preservation Act

The Historic Preservation Agency (Agency) did not comply with provisions of the Illinois State Agency Historic Resources Preservation Act (Act).

During our examination, we noted the following:

- The Director of the Agency did not include in the Agency's annual report an outline of State agency actions on which comment was requested or issued under this Act, as no annual report was filed for Fiscal Years 2015 or 2016 as of the end of fieldwork. The most recently prepared annual report pertained to Fiscal Year 2014. The Fiscal Year 2014 annual report does not include any such outline. The Act (20 ILCS 3420/5(a)) states, "The Director shall include in the Agency's annual report an outline of State agency actions on which comment was requested or issued under this Act."
- The Agency did not maintain a current list of all historic resources owned, operated, or leased by the State and appropriate maps indicating the location of all such resources. Rather, the Agency depends upon the Department of Central Management Services, the Department of Transportation, the Department of Natural Resources, and other agencies to maintain lists of owned or leased state properties. While the Agency maintains a map of historic sites, the map excludes other resources owned, operated, or leased by the State. The Act (20 ILCS 3420/5(b)) states, "The Director shall maintain a current list of all historic resources owned, operated, or leased by the State and appropriate maps indicating the location of all such resources. These maps shall be in a form available to the public and State agencies, except that the location of archaeological resources shall be excluded."
- The Agency failed to carry out its duties related to the preservation, conservation, inventory, and analysis of fine and decorative arts, furnishings, and artifacts of the Illinois Executive Mansion in Springfield, the Governor's offices in the Capitol in Springfield and the James R. Thompson Center in Chicago, and the Hayes House in DuQuoin. The Agency also failed to carry out its duties associated with managing the preservation and conservation of the buildings and grounds of the Illinois Executive Mansion in Springfield. The Act (20 ILCS 3420/5(f)) states, "The Agency shall manage and control the preservation, conservation, inventory, and analysis of fine and decorative arts, furnishings, and artifacts of the Illinois Executive Mansion in Springfield, the Governor's offices in the Capitol in Springfield and the James R. Thompson Center in Chicago, and the Hayes House in DuQuoin. The Agency shall manage the preservation and conservation of the buildings and grounds of the Illinois Executive Mansion in Springfield." The Agency provided a Memorandum of Understanding dated February 24, 2016 between the Agency and the Office of the Governor whereby both parties agree to cooperate to perform these required duties; however, the Agency could not provide any evidence such duties were performed during the examination period.
- We tested 25 proposed undertakings submitted by State agencies during the examination period. We noted the Agency failed to respond timely (within 30 days) to State agencies for 1 of 25 (4%) undertakings. The Agency responded to this proposed undertaking 14 days late. The Act (20 ILCS 3420/4) states, "(a) As early in the planning process as may be practicable and prior to the approval of the final design or plan of any undertaking by a State agency, or prior to the funding of any undertaking by a State agency, or prior to an action of approval or entitlement of any private undertaking by a State agency, written notice of the project shall be given to the Director either by the State agency or the recipients of its funds, permits or licenses... (b) Within 30 days after receipt of complete and correct documentation of a proposed undertaking, the Director shall review and comment to the agency on the likelihood that the undertaking will have an adverse effect on a historic resource. In the case of a private undertaking, the Director shall, not later than 30 days following the receipt of an application with complete documentation of the undertaking,

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**2016-007**      **FINDING:**      Failure to Comply with the Illinois State Agency Historic Resources Preservation Act (Continued)

either approve that application allowing the undertaking to proceed or tender to the applicant a written statement setting forth the reasons for the requirement of an archaeological investigation.”

- The Agency did not maintain a Mediation Committee during Fiscal Years 2015 or 2016. The Agency stated that there has not been a need for mediation for a proposed undertaking since 2009, therefore appointment of members to a Mediation Committee have not been kept current. The Act (20 ILCS 3420/4(f)) states, “The Mediation Committee shall consist of the Director and 5 persons appointed by the Director for terms of 3 years each, each of whom shall be no lower in rank than a division chief and each of whom shall represent a different State agency.”

Agency officials stated that the above issues primarily relate to Agency turnover, lack of resources, and oversight. The Agency has not maintained an ongoing Mediation Committee because there has not been a need for it in several years. The late response to the proposed undertaking was due to staffing vacancies in the Preservation Services Division.

Failure to comply with the Illinois State Agency Historic Resources Preservation Act weakens overall State agency collaboration in preserving, restoring, and maintaining the historic resources of the State of Illinois. The Agency’s failure to carry out its duties related to the preservation and conservation of historic resources denies the fostering and enhancement of the availability of these resources to future generations. Failure to prepare and submit an annual report is noncompliance with the State statutes. The Agency’s failure to maintain a list of owned, operated, or leased historic resources results in an unfulfilled contribution towards the maintenance of State-owned historic resources for the inspiration and benefit of the people, as is a major purpose of the Act.

Failure to establish a Mediation Committee is noncompliance with the Act. Failure to respond timely to proposed undertakings submitted by State agencies may result in applicants deeming the application approved and proceeding with the undertaking regardless of the Historic Preservation Agency’s intentions for approval or denial because the Act (20 ILCS 3420/4(b)) states, “If there is no action within 30 days after the filing of the application with the complete documentation of the undertaking, the applicant may deem the application approved and may proceed with the undertaking.” In addition, the Agency’s failure to respond timely to proposed undertakings limits the Agency’s oversight of State agency undertakings. (Finding Code No. 2016-007)

**RECOMMENDATION:**

We recommend the Agency comply with the Illinois State Agency Historic Resources Preservation Act regarding the submission of an annual report, the maintenance of a current list of all historic resources owned, operated, or leased by the State, appointment of a Mediation Committee, and the performance of Agency duties associated with preservation and conservation of the Governor’s offices and the Executive Mansion. Furthermore, we recommend the Agency implement procedures to ensure that State agencies submitting proposed undertakings are provided a response within 30 days, in accordance with the Act.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. But, due to budgetary and staffing resource limitation, the Agency will be challenged to implement the full recommendation as noted below:

- The Preservations Services Manager and the Agency’s Communications and Public Relations officer have collaborated to ensure the appropriate information is included in the annual report being prepared for 2016 and going forward.

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**2016-007**      **FINDING:**      Failure to Comply with the Illinois State Agency Historic Resources Preservation Act (Continued)

- The Agency does not have sufficient resources to inventory, and maintain records of all historical resources owned operated and leased throughout the State without assistance of the other Agencies. We will seek a legislative remedy for this issue.
- The Agency has now completed an inventory of the artifacts in the Governor's Mansion. We are also working with them on the restoration project of the Mansion. We will pursue these activities with the other locations as resources and funding becomes available.
- To improve response times, the Agency will continue to try and fill the vacant Public Service Administrator-Cultural Resource Protection Program Coordinator (PSA) position. The Agency has been challenged to find qualified applicants for the position, and it is anticipated this problem will continue. There are two other reviewers planning to retire by the end of 2017. We will also pursue holding a training workshop for other State agencies. This will help ensure they are aware of the requirements to get Preservation Services involved early in any projects they are pursuing. This should also aid in the process to provide more timely responses.
- The Agency will investigate whether a commission is actually necessary and take appropriate action to resolve the issue through appointment or legislative remedy.

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**2016-008**      **FINDING:**      Failure to Comply with the Historic Preservation Agency Act

The Historic Preservation Agency (Agency) did not comply with provisions of the Historic Preservation Agency Act (Act) regarding appointments to certain statutorily mandated positions.

During our examination, we noted the following:

- The Abraham Lincoln Presidential Library's Director, with concurrence of the Agency's Board of Trustees (Board), failed to appoint an individual to the position of Library Facilities Operations Director. The Act (20 ILCS 3405/33) requires the Lincoln Presidential Library's Director to appoint a Library Facilities Operations Director with the concurrence of the Board.
- The Board failed to appoint an individual to serve in the position of Internal Auditor for most of the examination period. The position was vacant from July 2014 through January 2016. The Act (20 ILCS 3405/34) requires the Board to appoint an Internal Auditor to audit and maintain the financial books, records, papers, and transactions of the Lincoln Presidential Library and the Historic Sites and Preservation Division of the Agency. The Act further requires the Internal Auditor to prepare an annual report for each fiscal year of the operations of the Agency and submit it to the Board, the General Assembly, and the Governor. No such report was prepared for Fiscal Years 2015 or 2016 as of the end of fieldwork. In addition, we noted that the Act's requirements for the Internal Auditor to maintain the Agency's books would jeopardize the Internal Auditor's independence. International Standards for the Professional Practice of Internal Auditing Section 1100 states, "The internal audit activity must be independent, and internal auditors must be objective in performing their work."
- Due to the internal auditor position vacancy, the Agency also failed to comply with the Fiscal Control and Internal Auditing Act (30 ILCS 10/2003), which requires the chief executive officer of each designated State agency to ensure that the internal auditing program includes audits of major systems of accounting and administrative control to be reviewed at least every two years. No major system audits were performed during Fiscal Years 2015 or 2016.

The Agency has unsuccessfully sought to amend the legislation for both positions. The legislative changes sought (Senate Bill 2897 and House Bill 6278 of the 99<sup>th</sup> General Assembly) would have changed the requirements of the Internal Auditor position so it would no longer be responsible for maintaining the books and preparing the annual report, due to the conflict with independence. Also, the Library Facilities Operations Director would have become an optional position as officials do not consider the position appointment to be feasible due to funding limitations. The Internal Auditor vacancy led to the noncompliance with the other statutes.

Failure to appoint individuals to the positions of Library Facilities Operations Director and Internal Auditor is noncompliance with the State statutes and may lead to Agency activities being conducted by individuals without appropriate credentials. In addition, requiring an individual serving in the position of Internal Auditor to maintain the Agency's books and records would jeopardize the individual's independence to carry out responsibilities in an unbiased manner and could pose a risk to Agency operations. (Finding Code No. 2016-008, 2014-016, 12-11)

**RECOMMENDATION:**

We recommend the Agency comply with the Act regarding the appointment of a Library Facilities Operations Director or seek legislative remedy. The Agency should work with the General Assembly to seek legislative remedy to ensure duties required of the Internal Auditor pose no threat to independence.

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**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-008**      **FINDING:**      Failure to Comply with the Historic Preservation Agency Act (Continued)

The Internal Auditor should perform audits of all major systems of accounting and administrative controls at least every two years.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. We are continuing to work with the General Assembly for a legislative remedy regarding the appointment of a Library facilities Operation Director and the appropriate responsibilities for the Internal Audit position. Since, hired in February 2016, the Chief Internal Auditor is operating independently as recommended and has developed an audit planning process to cover all major systems of accounting and administrative controls at least every two years. The Chief Internal Auditor is operating following the same compliance requirements as other State of Illinois agency chief internal auditors. The Communications and Public Relations Officer is compiling the Agency annual report for 2016.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-009**      **FINDING:**      Inadequate Administration of the Amistad Commission

The Historic Preservation Agency (Agency) did not comply with provisions of the Historic Preservation Agency Act (Act) regarding the Amistad Commission (Commission).

During our testing, we noted the Commission did not meet in six of the eight (75%) quarters of Fiscal Years 2015 and 2016 and did not prepare a biannual report to file with the Governor and the General Assembly. We further noted there were two vacancies during the examination period. The vacancies were members to be appointed by the Governor.

The Act (20 ILCS 3405/22) created the Commission within the auspices of the Agency. The Commission was designed to consist of 15 members (6 appointed by the Governor) whose mission was to survey, design, encourage, and promote the implementation of education and awareness programs in Illinois that are concerned with the African slave trade, slavery in America, and the contributions of African Americans in building our country, particularly to students enrolled in schools in the State of Illinois. The Act required the Commission to meet at least quarterly and report its activities and findings to the Governor and the General Assembly biannually.

Agency officials indicated that the Commission had significantly completed its statutory purpose and was winding down when Public Act 99-0001 reduced the funding available for the Commission expenses in Fiscal Year 2015. In Fiscal Year 2016, the Agency operated without an appropriation until June 30, 2016. Public Act 99-0524 did not include any funding for the expenses of the Commission.

Failure to comply with the Act regarding the administration of the Commission may prevent the survey, design, encouragement, promotion, and awareness of the African slave trade, slavery in America and contributions of African Americans in building our country.

In addition, during the prior examination, it was noted that the Agency did not establish the Freedom Trail Commission to preserve the history of the Freedom Trail and the Underground Railroad. It was the Agency's responsibility to supervise the budgeting, procurement, and related functions of the Freedom Trail Commission and the administrative responsibilities of the staff. This requirement was repealed by Public Act 99-576 effective July 15, 2016. (Finding Code No. 2016-009, 2014-017, 12-12, 10-13, 10-16)

**RECOMMENDATION:**

We recommend the Agency ensure the Commission is fully staffed and administered to comply with the provisions of the Act or work with the General Assembly to seek legislative remedy.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. We are working with the General Assembly for a legislative remedy.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-010      FINDING:      Inadequate Controls Over Payroll and Time Reporting**

The Historic Preservation Agency (Agency) did not maintain adequate internal controls over payroll expenditures and time reporting.

During our testing, we noted the following:

- For 1 of 40 (3%) employees tested, the gross pay entered on the payroll voucher did not agree to the contractual employee's contract. Upon additional inquiry, we further noted that the employee's gross payroll was reduced from \$2,250 per pay period to \$247 per pay period for the final five pay periods of calendar year 2015. The \$247 per pay period is below the Federal minimum wage. The Agency then processed back pay totaling \$9,195 for this employee in January 2016 to make up the difference between the amount paid and the amount that should have been paid. This January payment was subsequently returned to the Illinois Office of the Comptroller with Form C-65 Salary Refund. The employee was not subsequently paid for time worked for the pay periods noted above and the employee waived any rights for recoupment. A timeline summary follows:

August 1, 2015	Employee and the Agency entered into a contract for employment during the period of August 1, 2015 to June 30, 2016. The contract included compensation to the employee at the rate of \$4,500 per month.
October 16, 2015	At the request of the employee, the Agency reduced the employee's compensation from \$2,250 per pay period to \$247. A total of five pay periods were paid at the reduced amount.
January 14, 2016	The Agency added an adjustment of \$9,195 to the employee's January 1 to 15, 2016 payroll voucher for pay not received in 2015.
January 21, 2016	The Agency had a telephone conference call with the Office of the Comptroller (IOC) about the adjustment payment. The Agency and IOC agreed that this attempt of payment was a problem, and the IOC determined that the payment amount was in error or impermissible.
February 3, 2016	A new contract between the employee and the Agency was executed with effective dates of January 16 to June 30, 2016. The new agreement stated the employee would be compensated at the rate of \$37 per hour. The contract also included a clause that stated the employee, "...waives all claims to any amounts of money that the Contractor could claim arising out of services provided prior to January 16, 2016..."
March 23, 2016	The IOC issued a net amount to be credited back to the Agency to offset the payment amount that was paid in January 2016.
April 18, 2016	The employee tendered a resignation letter to the Agency stating it was effective March 31, 2016. The letter also stated that any time the employee accrued from April 1 to 15, 2016 would be donated to the Agency and any compensation for that time period would not be accepted.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-010      FINDING:      Inadequate Controls Over Payroll and Time Reporting (Continued)**

- For 1 of 40 (3%) employees tested, the employee's time sheet did not agree to the auditors' observation of the hours worked by the employee. This employee was absent at the time the auditor visited the historic site where the employee works. However, the time sheet submitted by the employee and approved by her supervisor does not reflect that absence, and the employee was paid as if the employee was present.

We further noted the Agency could not provide a copy of its written policy requiring employees to report time spent on official State business to the nearest quarter hour. The Agency informed the auditors that the Agency began using the Department of Central Management Services eTime system in Fiscal Year 2016 and each full time employee's regular work schedule is prepopulated into the system. The employee is then asked to edit these work times if they work outside their regular schedule. The Agency stated the eTime system records time in quarter hour intervals.

The Minimum Wage Law Act (820 ILCS 105/4(a)(1)) states, "...on and after July 1, 2010 every employer shall pay to each of his or her employees who is 18 years of age or older in every occupation wages of not less than \$8.25 per hour." The Minimum Wage Law Act (820 ILCS 105/12(a)) also states, "Any agreement between the employee and the employer to work for less than such wage is no defense to such action."

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-5) requires employees to submit time sheets documenting the time spent each day on official State business to the nearest quarter hour. The Act also states that contractual State employees may satisfy the time sheets requirement by complying with the terms of their contract, which shall provide for a means of compliance with this requirement.

Agency officials stated the lack of a written policy and the second bullet were due to oversight and inadequate supervisory review. The first bullet was done at the request of the employee, and management failed to recognize the inappropriateness of the action.

Failure to properly pay employees for hours worked at the agreed amounts violated the employment contract and is a violation of State law. Failure to accurately report time spent on State business to the nearest quarter hour is a violation of State law and may result in over/under payments to hourly employees. (Finding Code No. 2016-010)

**RECOMMENDATION:**

We recommend the Agency improve its procedures in order to ensure that accurate time reporting is maintained in accordance with the Act and that payroll expenditures are properly determined, paid, and attributed to the correct calendar year. Furthermore, the Agency should determine if they have a legal obligation to pay the former contractual employee additional compensation.

**RESPONSE:**

The Agency agrees with the finding and will follow the recommendation. The Agency is in the process of updating the Employee Manual to include a written policy requiring all employees to report time spent on official State business to the nearest quarter hour. For the incident noted, disciplinary action was taken with the employee and the supervisor for incorrectly reporting and approving the time. We will conduct follow-up on whether any additional payment is necessary.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-011      FINDING:      Lack of Sexual Harassment Prevention and Ethics Training**

The Historic Preservation Agency (Agency) did not provide required sexual harassment prevention training to employees in accordance with the Illinois Human Rights Act and was unable to provide documentation that certain employees had received ethics training in accordance with the State Officials and Employees Ethics Act.

During testing of the Agency's employee training activities, we noted that none of the Agency's employees completed the required sexual harassment prevention training during the two year period ended June 30, 2016. We also noted the Agency did not establish procedures designed to ensure employees completed such training. The Agency Headcount Schedule reported 201 and 151 employees in Fiscal Years 2015 and 2016, respectively.

We tested 10 employees hired during the examination period and noted that 5 of the 10 (50%) did not receive their initial ethics training within 30 days of employment. In addition, the Agency was unable to provide evidence that annual ethics training was completed for 6 of 20 (30%) employees tested in Fiscal Year 2015 and 5 of 25 (20%) employees tested in Fiscal Year 2016.

The Illinois Human Rights Act (775 ILCS 5/2-105(B)(5)(c)) requires every State agency to provide training on sexual harassment prevention and the Agency's sexual harassment policy as a component of all ongoing or new employee training programs.

The State Officials and Employees Ethics Act (5 ILCS 430/5-10) states, "(a) Each officer, member, and employee must complete, at least annually beginning in 2004, an ethics training program conducted by the appropriate State agency... (c) Each Inspector General shall set standards and determine the hours and frequency of training necessary for each position or category of positions. A person who fills a vacancy in an elective or appointed position that requires training and a person employed in a position that requires training must complete his or her initial ethics training within 30 days after commencement of his or her office or employment. (d) Upon completion of the ethics training program, each officer, member, and employee must certify in writing that the person has completed the training program. Each officer, member, and employee must provide to his or her ethics officer a signed copy of the certification by the deadline for completion of the ethics training program."

Agency officials stated the issues were due to staffing shortages limiting the Agency's ability to ensure employees received appropriate training.

Failure to adequately train employees could lead to employees not being aware of Agency policies and State law regarding sexual harassment and ethics and could expose the State to legal and financial risks. (Finding Code No. 2016-011, 2014-014)

**RECOMMENDATION:**

We recommend the Agency implement training measures and procedures to ensure all Agency employees receive training as required by the Illinois Human Rights Act and the State Officials and Employees Ethics Act.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Agency has implemented sexual harassment training as of the end of calendar year 2016, with the assistance of Central Management Services. The sexual harassment training has also been added as a requirement for new hires as they join the Agency, along with providing them the ethics training packet of information.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-012      FINDING:      Inadequate Controls Over Travel Expenditures**

The Historic Preservation Agency (Agency) did not maintain adequate controls over its travel expenditures.

We noted the following:

- 1 of 40 (3%) travel vouchers tested, totaling \$309, was not supported by proper receipts. This travel voucher included four taxi fares, totaling \$74, that exceeded \$10 each for which there was no supporting receipts. The Illinois Administrative Code (Code) (80 Ill. Adm. Code 2800.240) states travel vouchers shall be supported by receipts in all instances for railroad and airplane transportation, lodging, taxis, and all other items in excess, individually, of \$10 except for meals.
- 1 of 40 (3%) travel vouchers tested, totaling \$142, was not approved by the traveler's immediate supervisor. The Code (80 Ill. Adm. Code 2800.250) requires each travel voucher to be first approved by the individual's immediate supervisor, who shall certify the travel was required by official duties.
- 4 of 40 (10%) travel vouchers tested, totaling \$698, were submitted between 87 and 231 days after the last day of travel. One lapse period travel voucher (\$169) was submitted 132 days after the last day of travel. The Internal Revenue Service (IRS) Publication 535 requires employee travel expense reimbursements to be considered taxable wages if the travel expenses are not submitted within a reasonable period, typically within 60 days of the expense being incurred.
- 1 of 40 (3%) travel vouchers tested, totaling \$242, included inaccurate dates of travel on the voucher. The traveler traveled on July 9-10, but reported July 7-8 on the travel voucher. The Code (80 Ill. Adm. Code 2800.240) states when applicable, the travel voucher shall show in the space provided the dates and times of travel.
- The same direct bill invoice (\$78) by a Springfield hotel was paid on two of the vouchers included in our sample and resulted in a \$78 overpayment to the vendor. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system or systems of internal controls to ensure that resources are utilized efficiently and safeguarded against waste.
- The Agency failed to submit one of four (25%) Travel Headquarters (TA-2) reports to the Legislative Audit Commission (LAC). The State Finance Act (30 ILCS 105/12-3), requires the TA-2 reports to be completed and filed with the LAC to report any individuals whose headquarters have been designated as a location other than that at which their official duties require the largest part of their working time. The TA-2 reports shall be filed no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period of July 1 through December 31 of the preceding year.

Agency management stated that the noted issues were due to clerical errors and employee turnover.

Failure to submit travel vouchers in a timely manner may cause travel expenditures to be reported in an incorrect period and may require the travel expense reimbursements to be reported as taxable wages to the employee. Failure to exercise adequate internal controls over payments of travel expenditures increases the risk that errors, irregularities, and unnecessary expenditures will occur and not be detected.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-012**      **FINDING:**      Inadequate Controls Over Travel Expenditures (Continued)

Failure to file required reports is noncompliance with State statutes. (Finding Code No. 2016-012, 2014-010, 12-3)

**RECOMMENDATION:**

We recommend the Agency improve its procedures to ensure travel vouchers are timely submitted and approved and are completed in accordance with the Code and travel regulations. In addition, we recommend the Agency timely file all TA-2 reports as required and recoup the overpayment to the vendor.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Agency is in the process of rewriting its internal travel control policies to ensure all necessary documentation and supervisory signatures are included. Additionally, the Agency has begun the process of recovering the over payment cited. We will strive to have employees submit timely travel expenditures. With the regards to the taxability of untimely filed travel expense reimbursements, the Agency is awaiting guidance from the Illinois Office of the Comptroller before this issue can be resolved.

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**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-013      FINDING:      Failure to Develop a Formal Fraud Risk Assessment Program**

The Historic Preservation Agency (Agency) did not develop a formal, adequate fraud risk assessment program.

The Agency managed expenditures of \$22 million and \$17 million in Fiscal Years 2015 and 2016, respectively. The Agency relied on current internal controls to identify and mitigate significant fraud risks. However, we noted the Agency did not establish a formal, comprehensive, written risk assessment policy to assess specific risks associated with fraud.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Additionally, it is management's responsibility to identify and mitigate significant fraud risks. Therefore, agencies should implement a formal, written policy regarding the evaluation of fraud risk and a system of controls designed to prevent and detect significant risks, including potential fraudulent activity within its organization. Preparing a written policy will serve to document the Agency's awareness and responsibility for fraud risk identification and mitigation, as well as specific activities necessary to address significant, specific fraud risk factors.

Agency management stated that due to staffing shortages, a formal fraud risk assessment program was not developed during the two year period that ended June 30, 2016.

Without an adequate program to identify and address fraud risks specific to the Agency, certain risks of fraud may go undetected and could result in misstatements in the Agency's financial reporting, misappropriation of Agency assets, or significant reputational damage. (Finding Code No. 2016-013, 2014-009)

**RECOMMENDATION:**

We recommend management establish an ongoing fraud risk assessment program. We specifically recommend the Agency implement a formal written policy regarding the evaluation of fraud risk and a system of controls to help prevent and detect significant risks of fraudulent activity within its organization. The Agency should ensure the risk assessment program includes evaluating whether appropriate internal controls have been implemented in any areas identified as posing a higher risk of fraudulent activity. In addition, the Agency's executive staff should evaluate management's identification of significant fraud risks and the implementation of fraud risk prevention measures.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Agency will develop a fraud policy and risk assessment process as we update our policy manual.

**STATE OF ILLINOIS  
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**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-014**      **FINDING:**      Failure to Comply with the Historical Sites Listing Act

The Historic Preservation Agency (Agency) did not comply with the Historical Sites Listing Act (Act).

The Agency was unable to provide a listing of sites displaying registered State historical site markers. In addition, the Agency did not work in cooperation with the Illinois Department of Transportation Division of Highways to place and maintain all markers at State historic sites registered under the Act. The Agency indicated this program was carried on by the Illinois Historical Society (Society) when it was a department of the Library. The Society broke from the Library in 1998 and has since ran the program. However, there is no agreement in place to outline responsibilities of the various parties nor did the Agency monitor the Society to ensure the requirements of the Act were being met. According to the Society's website, there are more than 500 historical markers statewide and an interactive map was also noted.

The Act (20 ILCS 3415/2 through 3415/3) requires the following:

- If the Agency finds a site application is of sufficient general historical interest to warrant listing and marking, the Agency should list the site in a register kept for that purpose and display a suitable marker indicating the site is a registered State historic site.
- The Agency must, in cooperation with the Illinois Department of Transportation Division of Highways and any other interested public or private agency, place and maintain all markers at State historic sites registered under this Act.

Agency management indicated a formal agreement was not pursued with the Illinois Historical Society due to staff turnover.

The Agency's failure to maintain or monitor a listing of registered State historical sites displaying markers limits the potential for public awareness, marketing, and tourism at historical sites throughout the State. In addition, the failure to work with the Illinois Department of Transportation to place and maintain markers could result in the existence of registered State historical sites without historical site markers and is noncompliance with the Act. Lack of a formal agreement with the Society poses a risk in that the Society is not bound to comply with the Act's requirements applicable to Agency. (Finding Code No. 2016-014, 2014-018)

**RECOMMENDATION:**

We recommend the Agency establish a formal agreement with the Society outlining the responsibilities of each party or seek legislative remedy. If the Agency establishes a formal agreement with the Society, we recommend the Agency monitor and oversee the Society's activities to ensure compliance with the Act.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Agency will be following the recommendation to establish a formal agreement with the Illinois Historical Society, in addition to monitoring and overseeing the Society's compliance with the Historical Sites Listing Act.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-015**      **FINDING:**      Failure to Comply with the State Historical Library Act

The Historic Preservation Agency (Agency) did not have a State Historian or comply with provisions of the State Historical Library Act (Act).

During our testing of the Agency's program to preserve historical State newspaper records (program), we noted the following:

- The position of State Historian was vacant during Fiscal Years 2015 and 2016.
- The program was administered by the Interim Director of Library Services rather than the State Historian as required.
- The method of selecting State newspaper edition files to microphotograph was not based upon the historical value of the newspaper. Newspapers were selected based on requests from publishers, libraries, historical societies, and genealogical societies. The Agency microphotographed 440 and 215 newspapers in Fiscal Years 2015 and 2016, respectively.
- The fee charged by the Agency for individual prints from the microphotographed State newspapers was not based upon the cost incurred by the Agency to supply the print. The Agency charged a fee of 25 cents per print based upon what they believed to be a library standard. The Agency collected \$65,819 and \$66,447 for Fiscal Years 2015 and 2016, respectively.

According to the Historic Preservation Agency Act (20 ILCS 3405/4), the Illinois State Historian, appointed by the Board of Trustees, provides "historical expertise, support, and service to all divisions of the Historic Preservation Agency. The State Historian is the State's authority on Abraham Lincoln and the history of Illinois". The State Historical Library Act (20 ILCS 3425/5.1) requires the State Historian to establish and supervise a program within the Abraham Lincoln Presidential Library designed to preserve historical records from selected past editions of State newspapers. The Act states the State Historian is to determine, on the basis of historical value, the various newspaper edition files to be microphotographed and maintained. The fee to be paid for an individual print requested from the negatives of the microfilm is to be determined by the State Historian and must be equal in amount to the cost incurred by the Abraham Lincoln Presidential Library in supplying the requested print.

Agency officials stated the program was not administered by the State Historian as the position was vacant during the examination period. The issues relating to the method of selecting State newspapers to microphotograph and the fees charged for printing were due to staffing shortages and the lack of a reasonable means to track the costs for each print project.

Failure to appoint a State Historian may not provide the Agency the intended level of historical expertise and supervision of historical records related to Abraham Lincoln and the State of Illinois. Failure to properly implement the program is noncompliance with the State statute. Additionally, failure to select newspaper editions based upon their historical value may result in historical events of the State not being properly archived. Lastly, by not charging the proper fees to microphotograph prints, the Agency's related program costs may not be fully recovered. (Finding Code No. 2016-015, 2014-019)

**RECOMMENDATION:**

We recommend the Board appoint a State Historian. We recommend the Agency implement policies and procedures for selecting newspaper editions to microphotograph based upon historical value. Also, we recommend the Agency assess print fees based upon the cost incurred to supply the print.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-015**      **FINDING:**      Failure to Comply with the State Historical Library Act (Continued)

**RESPONSE:**

The Agency agrees with the finding and the recommendation. A State Historian was appointed at the July 26, 2016, Board of Trustees meeting. The State Historian is now administering the newspaper microphotography program and will be determining how newspapers are selected. In addition, printing fees are currently being reviewed and assessed.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-016      FINDING:      Inadequate Controls Over Accounts Receivable**

The Historic Preservation Agency (Agency) did not track or record all accounts receivable and did not report all receivables to the Illinois Office of the Comptroller (IOC).

We noted the Agency had at least three types of receivables during the examination period: parking garage revenue, real property rental revenue, and grant revenue. During our testing, we noted the following:

- The Agency was the lessor in several real property rental agreements but did not track the timing of the rental payment due dates against related receipts to determine if receivables should be recorded and reported to the IOC on the Quarterly Summary of Accounts Receivable – Accounts Receivable Activity (Form C-97). Total real property rental receipts reported by the Agency were \$199,279 and \$146,399 in Fiscal Years 2015 and 2016, respectively. No receivables related to real property rental agreements were reported in the GAAP Reporting Packages submitted to the IOC for the Fiscal Years ended June 30, 2015 and 2016. Potential receivable amounts could not be determined.
- The Agency did not report any receivables related to grants awarded to the Agency by the U.S. Department of the Interior on its quarterly Form C-97s. The Agency reported grants receivable on its GAAP Reporting Packages of \$735,000 and \$2,033,000 as of June 30, 2015 and 2016, respectively.
- On its June 30, 2016 Form C-97s filed with the IOC, the Agency reported \$17 thousand for parking revenue receivables for Fund 776 and \$16 thousand for Fund 538. The actual parking revenue receivable at June 30, 2016 was \$10 thousand and \$14 thousand, respectively.
- Two of the four (50%) Form C-97's tested were not filed in a timely manner. These reports were both filed nine days late.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/4) states, "The Comptroller shall provide by rule appropriate procedures for State agencies to follow in establishing and recording within the State accounting system records of amounts owed to the State of Illinois." The Statewide Accounting Management System (SAMS) Manual (Procedure 26.20.10) defines receivables to be recognizable if two criteria are met. The transaction must be completed to the extent that payment is the only unconsummated act and the claim must be measurable in terms of assignment of a monetary value established by State law and administrative regulations. The SAMS Manual (Procedure 26.30.10) requires State agencies to report receivables information to the IOC quarterly on Form C-97. In addition, the SAMS Manual (Procedure 27.20.51) requires State agencies to complete a SAMS to GAAP Reconciliation-Accounts Receivable (Form SCO-551). The purpose of Form SCO-551 is to provide a detailed reconciliation between the June 30 Form C-97 and the GAAP Trial Balance form filed annually with IOC.

Agency officials stated the failure to track, record, and report accounts receivable was due to lack of staffing, employee turnover, and a misunderstanding of the reporting requirements related to accounts receivable. The specific failure to report rental receivables and payments on the Form C-97 and GAAP reports was due to rental contracts not being filed with the Fiscal Unit to allow such reporting.

Failure to track and record accounts receivable shows a lack of accountability on the part of the Agency and hinders its ability to monitor past due accounts and may result in loss of revenue. In addition, failure to accurately report accounts receivable results in misstatements in the GAAP reporting packages submitted to the IOC. (Finding Code No. 2016-016, 2014-011)

STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY

COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016

CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)

**2016-016**      **FINDING:**      Inadequate Controls Over Accounts Receivable (Continued)

**RECOMMENDATION:**

We recommend the Agency implement procedures to identify all revenue sources generating accounts receivable and to manage the recording and reporting of those receivables in accordance with the Act and the SAMS Manual.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Agency has started revising procedures to improve coordination between divisions and standardize how rental payments are made.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-017**      **FINDING:**      Failure to Conduct Employee Performance Evaluations

The Historic Preservation Agency (Agency) did not perform employee performance evaluations as required.

During our testing, we noted the Agency did not perform employee performance evaluations as required for 21 of 40 (53%) employees selected for testing. These employees either did not have any performance evaluations on file during the two-year examination period or had only one performance evaluation on file during the two-year examination period.

The Illinois Administrative Code (Code) (80 Ill. Adm. Code 302.270(d)) requires the agency to prepare an employee performance evaluation for each certified employee not less often than annually. In addition, the Agency's Employee Handbook, Section 5, requires certified employees to be evaluated annually on their performance review date.

Agency officials stated, while they reemphasized the importance of performing evaluations in accordance with their prior finding response, lack of management staff, as well as turnover, hindered the Agency's ability to complete all required evaluations.

Performance appraisals are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance appraisals should serve as a foundation for salary adjustment, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. (Finding Code No. 2016-017, 2014-013, 12-7, 10-8, 08-12)

**RECOMMENDATION:**

We recommend the Agency complete employee performance evaluations in accordance with the Code and Agency policy.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Human Resources division is notifying all supervisors of all evaluations due and following up with them to assure they are completed. Central Management Services (CMS) has also implemented a policy that they will not accept any transactions for employee changes unless there is a current evaluation on file with them. This also assists in ensuring we stay current.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-018**      **FINDING:**      Failure to Implement Identity Protection Act

The Historic Preservation Agency (Agency) failed to implement the provisions of the Identity Protection Act (Act).

During our testing, we noted the Agency had not implemented an identity protection policy.

The Act (5 ILCS 179/37) required the Agency to draft and approve an identity-protection policy by June 1, 2011. Per the Act, the policy must:

- Identify the Act.
- Require all employees identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.
- Direct that only employees who are required to use or handle information or documents containing social security numbers be provided access to such information or documents.
- Require social security numbers requested from an individual to be placed in a manner allowing the social security number to be easily redacted if required to be released as part of a public records request.
- Require, when collecting a social security number or upon request by the individual, the agency to provide a statement of the purpose or purposes for which the social security number is being collected and used.

Agency officials stated the implementation has been hindered by Agency turnover and lack of resources to draft and implement a policy.

Failure to implement provisions of the Act is noncompliance with the Act, does not promote the security and control of social security numbers, and increases the likelihood of identity theft. (Finding Code No. 2016-018, 2014-15, 12-9)

**RECOMMENDATION:**

We recommend the Agency finalize and implement an identity protection policy as required by the Identity Protection Act.

**RESPONSE:**

The Agency agrees with the finding and the recommendation. The Agency will develop an identity protection policy to be included in the Agency's procedure manual.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-019      FINDING:      Inadequate Controls Over Cash On-hand**

The Historic Preservation Agency (Agency) did not establish a process to determine cash on-hand to report to the Illinois Office of the Comptroller (IOC).

During our testing, we noted the Agency failed to perform an analysis of potential cash on-hand at June 30, 2015 and 2016. We noted the following items generate potential cash on-hand:

- Donation, camping fee and copy fee revenues collected by the Agency's various locations, but not yet transmitted to the Fiscal Office for deposit into the State Treasury.
- Unexpended petty cash and change fund balances.

For Fiscal Years 2015 and 2016, the Agency administered 25 and 24 petty cash and change funds, respectively. Cash on-hand was not reported to the IOC for any of the Agency's funds as part of the Statewide GAAP reporting process. The amount of cash on-hand at June 30, 2015 and 2016 could not be determined due to the Agency not performing monthly Revenue Status Report reconciliations (See Finding 2016-001). Petty cash and change funds were established at dollar levels totaling \$17,700 and \$16,700 as of June 30, 2015 and 2016, respectively. In addition, donation revenue totaled \$492,785 and \$494,500, camping fee revenue totaled \$86,479 and \$74,626, and copy fee revenue totaled \$65,819 and \$35,349 for Fiscal Years 2015 and 2016, respectively.

The Statewide Accounting Management System (SAMS) Manual (Procedures 27.20.31 and 27.20.34) (the Procedures) define cash on-hand as amounts which were not submitted to the Treasurer's clearing account at June 30 or were not yet recorded in the Treasurer's clearing account at June 30. The Procedures require cash on-hand to be reported on the Shared SAMS Funds Cash Reconciliation (Form SCO-531) for shared funds, on the Nonshared SAMS Funds Cash Reconciliation (Form SCO-534) for nonshared funds, or on the Miscellaneous Journal Entries (Form SCO-544) for petty cash fund balances as part of the Statewide GAAP reporting process. The SAMS Manual (Procedures 25.40.20 and 09.40.30) require agencies to perform reconciliations from agency records to the IOC's Monthly Revenue Status Report (SB04) and Cash Report (SB05), respectively. As cash on-hand would not be deposited into the State Treasury, the amount of cash on-hand should be reported as a reconciling item on the SB04 and SB05 reconciliations.

Agency officials stated this issue has continued due turnover and failure to communicate the necessary information to the contractor that completed the GAAP packages for the Agency.

Failure to report cash on-hand results in non-compliance with the SAMS Manual and misstatements in the Statewide GAAP reporting process. (Finding Code No. 2016-019, 2014-012)

**RECOMMENDATION:**

We recommend the Agency implement procedures to determine potential cash on-hand and report all cash on-hand to the IOC in its annual GAAP packages. In addition, the Agency should capture cash on-hand items as reconciling items during preparation of its SB04 and SB05 report reconciliations to ensure no discrepancies exist between IOC records and Agency records.

**RESPONSE:**

The Agency agrees with the finding and will implement the recommendation to report and include cash on-hand to the IOC during the Annual GAAP reporting process.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-020**      **FINDING:**      Failure to Comply with the State Employee Housing Act and Internal Revenue Service Regulations

The Historic Preservation Agency (Agency) did not comply with the State Employee Housing Act (Act) and Internal Revenue Service (IRS) regulations.

The Agency owns 14 houses located at 10 of the historic sites throughout the State. During Fiscal Years 2015 and 2016, the Agency provided housing for 6 employees at these residences. These 6 employees commenced working for the Agency from dates ranging from 1971 to 2004. The Agency was only able to locate a housing agreement (dated in 2009) for 1 of these 6 employees. The Agency indicated that these employees have lived in these residences for quite some time. The Agency pays the utilities and collects from \$40 to \$156 per month from the employees to defray the costs. It is the intent of the Agency that the employee in residence provide an element of security and public service if the need arises.

We noted the following:

- The Agency did not develop an application form for State-owned housing or written criteria for selecting employee tenants. In addition, the Agency did not properly maintain records supporting decisions made for employees selected to receive State-owned housing.
- The value of housing provided to employee tenants was not included in the employees' income, reported to the IRS, or subjected to applicable payroll taxes.

The Act (5 ILCS 412/5-30) requires the Agency to, "...develop and maintain application forms for its State-owned housing, written criteria for selecting employee tenants, and records of decisions as to who was selected to receive State housing and why they were selected."

The Code of Federal Regulations (26 CFR 1.119-1(b) requires the value of lodging to be excluded from an employee's income if three tests are met. The three tests are 1) The lodging is furnished on the business premises of the employer, 2) The lodging is furnished for the convenience of the employer, and 3) The employee is required to accept such lodging as a condition of his employment. In the Agency's case, tests 1 and 2 are met, but evidence that the employees were required to accept such lodging (test 3) was not provided by the Agency for five of the six employees. Agency officials verbally indicated living in Agency lodging was not a condition of employment for these employees.

Agency management indicated non-compliance was due to lack of turnover in housing tenants that would necessitate new application forms to be completed and lack of recordkeeping that occurred with the turnover of staff managing the program. The failure to report as compensation was due to staff turnover and oversight.

Failure of the Agency to develop and maintain application forms, written criteria for selecting tenants, and records of decisions made as to who received State-owned housing is noncompliance with the State statute and may result in unqualified individuals receiving State-owned housing. Failure to accurately report employee compensation may result in the understatement of employees' earnings which may affect benefits and lead to payroll tax assessments and penalties. (Finding Code No. 2016-020)

**RECOMMENDATION:**

We recommend the Agency comply with the Act by developing an application form for State-owned housing and written criteria for selecting employee tenants. Furthermore, we recommend the Agency maintain records of decisions made for employees selected to receive State-owned housing. Finally, we recommend the Agency report State housing benefits in accordance with Federal and State regulations.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**CURRENT YEAR FINDINGS  
(STATE COMPLIANCE)**

**2016-020**      **FINDING:**      Failure to Comply with the State Employee Housing Act and Internal Revenue Service Regulations (Continued)

**RESPONSE:**

The Agency agrees with the finding the recommendation. The Agency has taken corrective action by having a housing policy adopted at the February 2017, Board of Trustees meeting. This will include properly documenting decisions made and complying with State and Federal regulations.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**PRIOR FINDINGS NOT REPEATED**

**A. FINDING: Inadequate Internal Control Certifications and Risk Assessments**

During the prior examination, the Historic Preservation Agency (Agency) did not prepare complete internal control certifications as required by the Fiscal Control and Internal Auditing Act (Act) and did not perform adequate assessments of operational risks.

During the current examination period, the Agency filled its vacant Internal Auditor position on February 18, 2016. Our sample testing indicated that the Agency prepared a complete internal control certification for Fiscal Year 2016 and has assessed risks. (Finding Code No. 2014-004, 12-8, 10-12)

**B. FINDING: Inadequate Controls Over Grant Administration and Monitoring**

During the prior examination, the Agency did not exercise adequate controls over its administration of grants.

During the current examination period, our sample testing did not identify any untimely report submissions by grantees, untimely reviews of status reports, or missing documentation. (Finding Code No. 2014-006, 12-1, 10-1, 08-1)

**C. FINDING: Inadequate Controls Over Petty Cash Funds**

During the prior examination, the Agency did not maintain adequate internal controls over its petty cash funds.

During the current examination period, our sample testing did not identify petty cash exceptions as significant as the prior examination. The less significant issues have been reported in the Letter of Immaterial Findings. (Finding Code No. 2014-008, 12-10)

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- **Fiscal Schedules and Analysis:**
  - Schedule of Appropriations, Expenditures and Lapsed Balances
    - Fiscal Year 2016
    - Fiscal Year 2015
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Schedule of Locally Held Funds (Modified Cash Basis)
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Analysis of Significant Lapse Period Spending
  - Analysis of Accounts Receivable
  
- **Analysis of Operations (Not Examined):**
  - Agency Functions and Planning Program (Not Examined)
  - Budget Impasse Disclosures (Not Examined)
  - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments To Vendors (Not Examined)
  - Interest Costs on Fiscal Year 2016 Invoices (Not Examined)
  - Average Number of Employees (Not Examined)
  - Emergency Purchases (Not Examined)
  - Memorandums of Understanding (Not Examined)
  - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2016 and June 30, 2015 information in Schedules 1 through 10. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on them.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Expenditure Authority for Fiscal Year 2016  
Fifteen Months Ended September 30, 2016**

	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2016	Lapse Period Expenditures July 1 to September 30, 2016	Total Expenditures	Balances Lapsed
<b>APPROPRIATED FUNDS</b>					
<b><u>General Revenue Fund – 0001 (Court Ordered Expenditures)</u></b>					
Operational Expenses, Court Ordered		\$ 6,092,360	\$ 467,868	\$ 6,560,228	
Lump Sum - Operational Expenses, Court Ordered		381,386	16,556	397,942	
<b>Subtotal – Fund 0001</b>		<b>\$ 6,473,746</b>	<b>\$ 484,424</b>	<b>\$ 6,958,170</b>	
<b><u>Illinois Historic Sites Fund – 0538 (P.A. 99-0524 and Court Ordered Expenditures)</u></b>					
Buildings and Grounds, Court Ordered		\$ 224,153	\$ 4,667	\$ 228,820	
Personal Services	\$ 976,000	833,666	-	833,666	\$ 142,334
State Contribution to State Employees' Retirement System	442,249	380,561	-	380,561	61,688
State Contributions to Social Security	73,100	61,579	-	61,579	11,521
Group Insurance	189,300	149,823	-	149,823	39,477
Contractual Services	379,000	-	322,868	322,868	56,132
Travel	5,000	-	3,112	3,112	1,888
Commodities	20,000	-	48	48	19,952
Equipment	25,000	-	-	-	25,000
Telecommunications	15,000	-	-	-	15,000
Operation of Automotive Equipment	10,000	-	7,431	7,431	2,569
Lump Sums - Historic Preservation Programs - Exec. Office	50,000	-	18,686	18,686	31,314
Lump Sums - Historic Preservation Programs - Pres. Serv.	300,000	-	33,347	33,347	266,653
Lump Sums - Operational Expenses Administrative Services	373,273	-	4,196	4,196	369,077
Lump Sums - Operations of Historic Sites (Donations)	450,000	114,458	203,770	318,228	131,772
Lump Sums - Operations - OSC, JRB, and Union Station	275,000	-	6,597	6,597	268,403
Lump Sums - Historic Preservation Programs - Sites	300,000	-	293,817	293,817	6,183
Lump Sums - Pullman Factory Car Rehabilitation	750,000	-	-	-	750,000
Lump Sums - Lincoln Research Project	75,000	-	-	-	75,000
Lump Sums - Microfilm Operation & Programs Library	175,000	-	-	-	175,000
Awards & Grants - Historic Preservation Grants - Pres. Serv.	150,000	-	5,219	5,219	144,781
Permanent Improvements	75,000	-	6,550	6,550	68,450
<b>Subtotal – Fund 0538</b>		<b>\$ 5,107,922</b>	<b>\$ 910,308</b>	<b>\$ 2,674,548</b>	<b>\$ 2,662,194</b>

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2016  
Fifteen Months Ended September 30, 2016**

	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2016	Lapse Period Expenditures July 1 to September 30, 2016	Total Expenditures	Balances Lapsed
<b><u>Historic Property Administrative Fund – 0659 (P.A. 99-0524)</u></b>					
Lump Sums - Historic Tax Credit Program	\$ 150,000	\$ -	\$ 3,019	\$ 3,019	\$ 146,981
<b>Subtotal – Fund 0659</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>\$ 3,019</b>	<b>\$ 3,019</b>	<b>\$ 146,981</b>
<b><u>Tourism Promotion Fund – 0763 (P.A. 99-0524)</u></b>					
Operations, Court Ordered		\$ 91,727	\$ 35,185	\$ 126,912	
Lump Sums - Operations	\$ 1,647,600	-	1,623,840	1,623,840	\$ 23,760
<b>Subtotal – Fund 0763</b>	<b>\$ 1,647,600</b>	<b>\$ 91,727</b>	<b>\$ 1,659,025</b>	<b>\$ 1,750,752</b>	<b>\$ 23,760</b>
<b><u>Presidential Library and Museum Operating Fund – 0776 (P.A. 99-0524)</u></b>					
Lump Sums - Ordinary & Contingent Expenses of the Abraham Lincoln Presidential Library & Museum	\$14,500,000	\$ 4,861,459	\$ 956,983	\$ 5,818,442	\$ 8,681,558
<b>Subtotal – Fund 0776</b>	<b>\$14,500,000</b>	<b>\$ 4,861,459</b>	<b>\$ 956,983</b>	<b>\$ 5,818,442</b>	<b>\$ 8,681,558</b>
<b>GRAND TOTAL – ALL FUNDS</b>	<b>\$21,405,522</b>	<b>\$13,191,172</b>	<b>\$ 4,013,759</b>	<b>\$17,204,931</b>	<b>\$11,514,493</b>

Note 1: Appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records. The Agency did not properly perform reconciliations during Fiscal Year 2016, so the auditors were unable to reconcile the State Comptroller's records to the Agency's records as noted in Finding 2016-001.

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

Note 3: The Circuit Court of St. Clair 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 rates of pay." As the Agency never received enacted personal services appropriations for Fund 0001, Fund 0538, and Fund 0763, the Agency was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016.

Note 4: During Fiscal Year 2016, the Agency operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016. During the impasse, the Circuit Court of St. Clair 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 rates of pay." As such, the Agency's court-ordered payroll payments were merged into the enacted appropriation for Fund 0538 and Fund 0776. Further, the Agency incurred non-payroll obligations within Fund 0538, Fund 0659, Fund 0763, and Fund 0776, which the Agency was unable to pay until the passage of Public Act 99-0524.

Note 5: Public Act 99-524 authorizes the Agency to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 70 includes information from Agency management about the number of invoices and the total dollar amount of invoices held by the Agency to be submitted against its Fiscal Year 2017 appropriation.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2015  
Fourteen Months Ended August 31, 2015**

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2015	Lapse Period Expenditures July 1 to August 31, 2015	Total Expenditures	Balances Lapsed
<b>APPROPRIATED FUNDS</b>					
<b>General Revenue Fund – 0001 (P.A. 98-0679 &amp; 99-0001)</b>					
Personal Services	\$ 5,274,400	\$ 4,982,822	\$ 179,068	\$ 5,161,890	\$ 112,510
State Contributions to Social Security	393,600	365,803	13,086	378,889	14,711
Contractual Services	750,859	712,588	9,647	722,235	28,624
Travel	4,500	3,378	-	3,378	1,122
Commodities	53,500	29,633	5,162	34,795	18,705
Printing	19,600	5,800	-	5,800	13,800
Equipment	15,000	2,966	10,745	13,711	1,289
Electronic Data Processing	22,500	16,628	-	16,628	5,872
Telecommunications	49,700	48,488	-	48,488	1,212
Operation of Automotive Equipment	17,495	17,494	-	17,494	1
Lump Sums - State Bicentennial Commission	244,400	25,524	-	25,524	218,876
Lump Sums - Lewis and Clark Historic Site Operational Expenses	538,500	414,418	32,288	446,706	91,794
Awards & Grants - Amistad Commission Expenses	245,000	135,371	-	135,371	109,629
<b>Subtotal – Fund 0001</b>	<b>\$ 7,629,054</b>	<b>\$ 6,760,913</b>	<b>\$ 249,996</b>	<b>\$ 7,010,909</b>	<b>\$ 618,145</b>
<b>Capital Development Fund – 0141 (P.A. 98-0675)</b>					
Permanent Improvements for Sugar Loaf and/or Fox Mounds (Reapprop.)	\$ 143,000	\$ -	\$ -	\$ -	\$ 143,000
<b>Subtotal – Fund 0141</b>	<b>\$ 143,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 143,000</b>
<b>Illinois Historic Sites Fund – 0538 (P.A. 98-0679)</b>					
Personal Services	\$ 900,700	\$ 677,004	\$ 21,005	\$ 698,009	\$ 202,691
State Contribution to State Employees' Retirement System	381,400	286,949	8,904	295,853	85,547
State Contributions to Social Security	69,000	50,755	1,565	52,320	16,680
Group Insurance	184,000	100,648	4,074	104,722	79,278
Contractual Services	379,000	199,819	10,987	210,806	168,194
Travel	5,000	2,235	470	2,705	2,295
Commodities	20,000	19,982	-	19,982	18
Equipment	25,000	-	-	-	25,000
Telecommunications	15,000	14,970	-	14,970	30
Operation of Automotive Equipment	10,000	4,645	-	4,645	5,355
Lump Sums - Historic Preservation Programs - Exec. Office	50,000	15,488	421	15,909	34,091
Lump Sums - Historic Preservation Programs - Pres. Serv.	300,000	41,764	45,923	87,687	212,313
Lump Sums - Operations of Historic Sites (Donations)	450,000	145,573	48,276	193,849	256,151
Lump Sums - Operations - OSC, JRB and Union Station	275,000	96,445	11,829	108,274	166,726
Lump Sums - Historic Preservation Programs - Sites	300,000	-	-	-	300,000
Lump Sums - Pullman Factory Car Rehabilitation	750,000	-	-	-	750,000
Lump Sums - Lincoln Research Project	75,000	-	-	-	75,000
Lump Sums - Microfilm Operation & Programs Library	175,000	-	-	-	175,000
Awards & Grants - Historic Preservation Grants - Pres. Serv.	150,000	-	-	-	150,000
Awards & Grants - Historic Preservation Grants - Pres. Serv. (Reapprop.)	267,929	101,754	-	101,754	166,175
Permanent Improvements	75,000	9,511	21,746	31,257	43,743
<b>Subtotal – Fund 0538</b>	<b>\$ 4,857,029</b>	<b>\$ 1,767,542</b>	<b>\$ 175,200</b>	<b>\$ 1,942,742</b>	<b>\$ 2,914,287</b>

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2015  
Fourteen Months Ended August 31, 2015**

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2015	Lapse Period Expenditures July 1 to August 31, 2015	Total Expenditures	Balances Lapsed
<b><u>Historic Property Administrative Fund – 0659 (P.A. 98-0679)</u></b>					
Lump Sums - Historic Tax Credit Program	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
<b>Subtotal – Fund 0659</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 150,000</b>
<b><u>Tourism Promotion Fund – 0763 (P.A. 99-0001)</u></b>					
Lump Sums - Operations	\$ 1,647,600	\$ 316,665	\$ 675,449	\$ 992,114	\$ 655,486
<b>Subtotal – Fund 0763</b>	<b>\$ 1,647,600</b>	<b>\$ 316,665</b>	<b>\$ 675,449</b>	<b>\$ 992,114</b>	<b>\$ 655,486</b>
<b><u>Presidential Library and Museum Operating Fund – 0776 (P.A. 98-0679)</u></b>					
Lump Sums - Ordinary & Contingent Expenses of the Abraham Lincoln Presidential Library & Museum	\$14,500,000	\$11,041,210	\$ 1,169,032	\$12,210,242	\$ 2,289,758
<b>Subtotal – Fund 0776</b>	<b>\$14,500,000</b>	<b>\$11,041,210</b>	<b>\$ 1,169,032</b>	<b>\$12,210,242</b>	<b>\$ 2,289,758</b>
 <b>GRAND TOTAL – ALL FUNDS</b>	 <b><u>\$28,926,683</u></b>	 <b><u>\$19,886,330</u></b>	 <b><u>\$ 2,269,677</u></b>	 <b><u>\$22,156,007</u></b>	 <b><u>\$ 6,770,676</u></b>

Note 1: Appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records. The Agency did not properly perform reconciliations during Fiscal Year 2015, so the auditors were unable to reconcile the State Comptroller's records to the Agency's records as noted in Finding 2016-001.

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

Note 3: The General Revenue Fund appropriation for Contractual Services, Telecommunications, Operation of Automotive Equipment, and Awards & Grants differ from P.A. 99-0001 because the Agency had already incurred expenditures and encumbrances for these line items that exceeded P.A. 99-0001 by \$13,154 by the time the P.A. was enacted. As such, the Office of the Comptroller only reduced the Agency's appropriation to the sum of those amounts.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

**For the Years Ended June 30, 2016, 2015, and 2014**

	2016	2015	2014
	Court Order P.A. 99-0524	P.A. 98-0675 P.A. 98-0679 P.A. 99-0001	P.A. 98-0050 P.A. 98-0064
<b><u>General Revenue Fund – 0001</u></b>			
Appropriations (net after transfers)	\$ -	\$ 7,629,054	\$ 8,674,900
Expenditures			
Operational Expenses, Court Ordered	6,560,228	-	-
Lump Sums - Operational Expenses, Court Ordered	397,942	-	-
Personal Services	-	5,161,890	6,461,964
State Contributions to Social Security	-	378,889	475,346
Contractual Services	-	722,235	983,933
Travel	-	3,378	5,673
Commodities	-	34,795	70,323
Printing	-	5,800	8,005
Equipment	-	13,711	17,856
Electronic Data Processing	-	16,628	27,309
Telecommunications	-	48,488	98,521
Operation of Automotive Equipment	-	17,494	22,867
Awards & Grants - Amistad Commission Expenses	-	135,371	200,074
Lump Sums - State Bicentennial Commission	-	25,524	-
Lump Sums - Lewis and Clark Historic Site Operational Expenses	-	446,706	242,846
Total Expenditures	6,958,170	7,010,909	8,614,717
Lapsed Balances	\$ -	\$ 618,145	\$ 60,183
<b><u>Capital Development Fund – 0141</u></b>			
Appropriations (net after transfers)	\$ -	\$ 143,000	\$ 143,000
Expenditures			
Permanent Improvements for Sugar Loaf and/or Fox Mounds	-	-	-
Total Expenditures	-	-	-
Balance Reappropriated	-	-	143,000
Lapsed Balances	\$ -	\$ 143,000	\$ -

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

**For the Years Ended June 30, 2016, 2015, and 2014**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Court Order P.A. 99-0524	P.A. 98-0675 P.A. 98-0679 P.A. 99-0001	P.A. 98-0050 P.A. 98-0064
<b><u>Illinois Historic Sites Fund – 0538</u></b>			
Appropriations (net after transfers)	\$ 5,107,922	\$ 4,857,029	\$ 4,050,282
Expenditures			
Buildings and Grounds, Court Ordered	228,820	-	-
Personal Services	833,666	698,009	675,259
State Contribution to State Employees' Retirement System	380,561	295,853	272,170
State Contributions to Social Security	61,579	52,320	50,560
Group Insurance	149,823	104,722	114,586
Contractual Services	322,868	210,806	342,922
Travel	3,112	2,705	4,997
Commodities	48	19,982	19,990
Telecommunications	-	14,970	14,999
Operation of Automotive Equipment	7,431	4,645	9,856
Lump Sums - Historic Preservation Programs - Exec. Office	18,686	15,909	37,015
Lump Sums - Historic Preservation Programs - Sites	293,817	-	128,543
Lump Sums - Historic Preservation Programs - Pres. Serv.	33,347	87,687	170,479
Lump Sums - Operational Expenses - Administrative Services	4,196	-	-
Lump Sums - Operations of Historic Sites (Donations)	318,228	193,849	449,770
Lump Sums - Operations - OSC, JRB, and Union Station	6,597	108,274	257,728
Lump Sums - Microfilm Operation & Programs Library	-	-	24,528
Awards & Grants - Historic Preservation Grants - Pres. Serv.	5,219	-	6,500
Awards & Grants - Historic Preservation Grants - Pres. Serv. (Reapprop.)	-	101,754	152,753
Permanent Improvements	6,550	31,257	46,879
Total Expenditures	<u>2,674,548</u>	<u>1,942,742</u>	<u>2,779,534</u>
Balance Reappropriated	<u>-</u>	<u>-</u>	<u>267,929</u>
Lapsed Balances	<u>\$ 2,662,194</u>	<u>\$ 2,914,287</u>	<u>\$ 1,002,819</u>

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

**For the Years Ended June 30, 2016, 2015, and 2014**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Court Order P.A. 99-0524	P.A. 98-0675 P.A. 98-0679 P.A. 99-0001	P.A. 98-0050 P.A. 98-0064
<b><u>Historic Property Administrative Fund - 0659</u></b>			
Appropriations (net after transfers)	\$ 150,000	\$ 150,000	\$ -
Expenditures			
Lump Sums - Historic Tax Credit Program	3,019	-	-
Total Expenditures	3,019	-	-
Lapsed Balances	\$ 146,981	\$ 150,000	\$ -
<b><u>Tourism Promotion Fund – 0763</u></b>			
Appropriations (net after transfers)	\$ 1,647,600	\$ 1,647,600	\$ -
Expenditures			
Operations, Court Ordered	126,912	-	-
Lump Sums - Operations	1,623,840	992,114	-
Total Expenditures	1,750,752	992,114	-
Lapsed Balances	\$ 23,760	\$ 655,486	\$ -
<b><u>Presidential Library and Museum Operating Fund - 0776</u></b>			
Appropriations (net after transfers)	\$ 14,500,000	\$ 14,500,000	\$ 14,200,000
Expenditures			
Lump Sums - Ordinary & Contingent Expenses of the Abraham Lincoln Presidential Library & Museum	5,818,442	12,210,242	12,629,312
Total Expenditures	5,818,442	12,210,242	12,629,312
Lapsed Balances	\$ 8,681,558	\$ 2,289,758	\$ 1,570,688

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

**For the Years Ended June 30, 2016, 2015, and 2014**

	2016	2015	2014
	Court Order P.A. 99-0524	P.A. 98-0675 P.A. 98-0679 P.A. 99-0001	P.A. 98-0050 P.A. 98-0064
<b>Grand Total – All Funds</b>			
Appropriations (net after transfers)	\$ 21,405,522	\$ 28,926,683	\$ 27,068,182
Court Ordered Expenditure Authority	7,313,902	-	-
Total Expenditures	17,204,931	22,156,007	24,023,563
Balance Reappropriated	-	-	410,929
Lapsed Balances	\$ 11,514,493	\$ 6,770,676	\$ 2,633,690

Note 1: Fiscal Years 2016 and 2015 appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records.

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

Note 3: The Circuit Court of St. Clair 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 rates of pay." As the Agency never received enacted personal services appropriations for Fund 0001, Fund 0538, and Fund 0763, the Agency was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016.

Note 4: During Fiscal Year 2016, the Agency operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016. During the impasse, the Circuit Court of St. Clair 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 rates of pay." As such, the Agency's court-ordered payroll payments were merged into the enacted appropriation for Fund 0538 and Fund 0776. Further, the Agency incurred non-payroll obligations within Fund 0538, Fund 0659, Fund 0763, and Fund 0776, which the Agency was unable to pay until the passage of Public Act 99-0524.

Note 5: Public Act 99-524 authorizes the Agency to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 70 includes information from Agency management about the number of invoices and the total dollar amount of invoices held by the Agency to be submitted against its Fiscal Year 2017 appropriation.

Note 6: The Fiscal Year 2015 General Revenue Fund appropriation for Contractual Services, Telecommunications, Operation of Automotive Equipment, and Awards & Grants differ from P.A. 99-0001 because the Agency had already incurred expenditures and encumbrances for these line items that exceeded P.A. 99-0001 by \$13,154 by the time the P.A. was enacted. As such, the Office of the Comptroller only reduced the Agency's appropriation to the sum of those amounts.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SCHEDULE OF LOCALLY HELD FUNDS  
(MODIFIED CASH BASIS)\***

	<b>Illinois Historic Preservation Agency Trust Fund - 1331</b>
Cash and Investment Balance at June 30, 2014	\$ 2,365,302
Adjustment to reflect fair value of investments as of June 30, 2014 **	607,670
Receipts:	
Dividend/Interest/Capital Gain Distribution Income	151,118
Change in Market Value of Investments	(71,627)
Disbursements:	
Contributions to IHPA	(19,445)
Insurance	(276)
Accounting	(3,282)
Bank Charges	(17)
Licenses and Fees	(15)
	(19,445)
Cash and Investment Balance at June 30, 2015	\$ 3,029,428
Cash and Investment Balance at June 30, 2015	\$ 3,029,428
Receipts:	
Dividend/Interest/Capital Gain Distribution Income	128,782
Change in Market Value of Investments	(68,507)
Disbursements:	
Contributions to IHPA	(17,195)
Contributions to ALPLM Foundation	(202,631)
Contributions to Illinois State Historical Society	(15,000)
Accounting	(3,603)
Bank Charges	(4)
Licenses and Fees	(100)
	(100)
Cash and Investment Balance at June 30, 2016	\$ 2,851,170

\* The above schedule differs from the cash basis because the investments are reported at fair value instead of cost.

\*\* The beginning balance was adjusted to reflect fair value of the Agency's investments at June 30, 2014.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SCHEDULE OF CHANGES IN STATE PROPERTY**

	<u>Land and Land Improvements</u>	<u>Buildings and Building Improvements</u>	<u>Equipment</u>	<u>Total</u>
Balance at July 1, 2014	\$ 15,078,956	\$ 271,365,051	\$ 15,309,487	\$ 301,753,494
Additions	-	-	441,871	441,871
Deletions	-	(1,911) *	(6,715) *	(8,626)
Net Transfers	-	1,072,728	(87,150)	985,578
Balance at June 30, 2015	<u>\$ 15,078,956</u>	<u>\$ 272,435,868</u>	<u>\$ 15,657,493</u>	<u>\$ 303,172,317</u>
Balance at July 1, 2015	\$ 15,078,956	\$ 272,435,868	\$ 15,657,493	\$ 303,172,317
Additions	-	-	193,292	193,292
Deletions	-	-	(4,340)	(4,340)
Net Transfers	-	346,306	57,786	404,092
Balance at June 30, 2016	<u>\$ 15,078,956</u>	<u>\$ 272,782,174</u>	<u>\$ 15,904,231</u>	<u>\$ 303,765,361</u>

\* Adjusted C-15 reported amounts in order to agree the Schedule of Changes in State Property ending balance at June 30, 2015 to Agency records.

Note: The above schedule was derived from Agency records.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND  
RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**

**For the Fiscal Years Ended June 30, 2016, 2015, and 2014**

<b>General Revenue Fund - 0001</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Reimbursement - Jury Duty, Phones	\$ 2	\$ 59	\$ 7
Miscellaneous	2,667	1,992	92
Returned Petty Cash	-	500	1,000
Prior Year Refund	33	-	-
Unexplained Differences *	(2,635)	-	-
Total Cash Receipts per Agency	<u>67</u>	<u>2,551</u>	<u>1,099</u>
Add: In-Transits at the Beginning of the Year	-	-	-
Less: In-Transits at the End of the Year	-	-	-
Total Cash Receipts per State Comptroller's Records - Fund 0001	<u>67</u>	<u>2,551</u>	<u>1,099</u>
<b>Illinois Historic Sites Fund - 0538</b>			
Agriculture Sales	12,019	52,007	51,930
Camping Fees	74,626	86,479	87,597
Concession Revenue	-	1,284	2,111
Conference Fees	-	-	25
Copy Fees	35,349	65,819	98,317
Donation Box	476,998	478,757	507,241
Department of Interior	1,108,917	1,036,709	1,303,232
Miscellaneous	10,000	11,797	6,975
Donations - Individuals/Organizations	4,702	6,786	63,706
Property Rental	80,325	82,775	84,219
Reimbursement - Jury Duty, Phones	-	-	3
Subscriptions	3,193	6,767	12,824
Underground Parking	177,266	181,162	171,625
Prior Year Warrant Voids	-	-	500
Prior Year Refunds	35	-	3,005
Unexplained Differences *	(1,720)	56	-
Total Cash Receipts per Agency	<u>1,981,710</u>	<u>2,010,398</u>	<u>2,393,310</u>
Add: In-Transits at the Beginning of the Year	21,210	25,980	15,797
Less: In-Transits at the End of the Year	(13,361)	(21,210)	(25,980)
Total Cash Receipts per State Comptroller's Records - Fund 0538	<u>1,989,559</u>	<u>2,015,168</u>	<u>2,383,127</u>
<b>Tourism Promotion Fund - 0763</b>			
Prior Year Refund	-	-	744
Total Cash Receipts per Agency	<u>-</u>	<u>-</u>	<u>744</u>
Add: In-Transits at the Beginning of the Year	-	-	-
Less: In-Transits at the End of the Year	-	-	-
Total Cash Receipts per State Comptroller's Records - Fund 0763	<u>-</u>	<u>-</u>	<u>744</u>

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND  
RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**

**For the Fiscal Years Ended June 30, 2016, 2015, and 2014**

<b>Presidential Library and Museum Operating Fund - 0776</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Admission Fees	\$ 1,877,330	\$ 2,047,200	\$ 2,026,824
Donation Box	8,750	6,242	6,715
Donations - Individuals/Organization	4,050	1,000	104
Reimbursement - Jury Duty, Phones	9	78	45
Miscellaneous	34,603	26,287	6,086
Parking Fees	84,719	100,540	112,517
Property Rental	66,074	116,504	138,782
Prior Year Warrant Voids	-	-	8,356
Prior Year Refund	282	411	27,755
Unexplained Differences *	(2,779)	(212)	-
Total Cash Receipts per Agency	<u>2,073,038</u>	<u>2,298,050</u>	<u>2,327,184</u>
Add: In-Transits at the Beginning of the Year	111,062	86,852	65,087
Less: In-Transits at the End of the Year	(48,761)	(111,062)	(86,852)
Total Cash Receipts per State Comptroller's Records - Fund 0776	<u>2,135,339</u>	<u>2,273,840</u>	<u>2,305,419</u>
 <b>Grand Total - All Funds</b>			
Total Cash Receipts per Agency	<u>4,054,815</u>	<u>4,310,999</u>	<u>4,722,337</u>
Add: In-Transits at the Beginning of the Year	132,272	112,832	80,884
Less: In-Transits at the End of the Year	(62,122)	(132,272)	(112,832)
Total Cash Receipts per State Comptroller's Records - All Funds	<u>\$ 4,124,965</u>	<u>\$ 4,291,559</u>	<u>\$ 4,690,389</u>

\* The Agency did not properly perform reconciliations during Fiscal Years 2015 and 2016, so the auditors were unable to reconcile the State Comptroller's records to the Agency's records as noted in Finding 2016-001.

Note: The schedule does not include amounts for cash on-hand related to donation receipts. See Finding 2016-019.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**

The Illinois Historic Preservation Agency's (Agency) explanations for significant fluctuations in expenditures as presented in the Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances are detailed below. For the purpose of this analysis, a significant fluctuation is defined as a variation that equaled or exceeded \$50,000 and 20% as compared to the prior fiscal year.

**VARIANCE 2015 TO 2016**

**General Revenue Fund – 0001**

All Line-Items (Personal Services, Social Security, Contractual Services, Travel, Commodities, Printing, Equipment, EDP, Telecommunications, Operation of Auto, Lump Sums – Lewis and Clark Historic Site Operational Expenses, Lump Sums – Bicentennial Commission, and Awards & Grants – Amistad Commission Expenses)

Decrease of \$7,010,909 (100%) in all operational lines was due to the Agency not receiving a General Revenue Fund appropriation in Fiscal Year 2016. General Revenue Fund (0001) expenditures were limited to Personal Services and related items under the Comptroller-established expenditure authority in response to the St. Clair Court Order to pay State employees.

Operational Expenses – Court Ordered and Lump Sums – Operations Court Ordered

Increase of \$6,958,170 (100%) in Fiscal Year 2016 was due to all Personal Services and related expenditures being paid under the Comptroller-established expenditure authority in response to the St. Clair Court Order to pay State employees.

**Illinois Historic Sites Fund – 0538**

Buildings and Grounds, Court Ordered

Increase of \$228,820 (100%) in Fiscal Year 2016 was due to Personal Services and related expenditures being paid under the Comptroller-established expenditure authority in response to the St. Clair Court Order to pay State employees.

State Employees' Retirement

Increase of \$84,708 (29%) in Fiscal Year 2016 was due to a delay in switching permanent employees on this payroll over to the Comptroller-established expenditure authority in response to the St. Clair Court Order to pay State employees. Also, related expenses for Historic Sites seasonal staffing were paid from the Illinois Historic Sites Fund (0538) rather than the General Revenue Fund (0001).

Contractual Services

Increase of \$112,062 (53%) in Fiscal Year 2016 was due to increased utilities costs and repair and maintenance costs at Historic Sites.

Lump Sums – Historic Preservation Programs – Sites

Increase of \$293,817 (100%) in Fiscal Year 2016 was due to Fiscal Year 2015 Historic Site costs being paid from the Tourism Promotion Fund (0763). In Fiscal Year 2016, the costs were again paid from the Historic Sites Fund (0538).

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - Continued**

Lump Sums – Historic Preservation Programs – Pres. Serv.

Decrease of \$54,340 (62%) in Fiscal Year 2016 was due to reduced expenditures by the Preservation Services Division as a result of there being no Fiscal Year 2016 budget during the 12 month fiscal year.

Lump Sums – Operations of Historic Sites (Donations)

Increase of \$124,379 (64%) in Fiscal Year 2016 was due to increased contractual seasonal help.

Lump Sums – Operations – OSC, JRB, and Union Station

Decrease of \$101,677 (94%) in Fiscal Year 2016 was due to reduced expenditures as a result of there being no Fiscal Year 2016 budget during the 12 month fiscal year.

Awards & Grants – Historic Preservation Grants – Preservation Services (Reapprop.)

Decrease of \$101,754 (100%) in Fiscal Year 2016 was due to the unspent balance from the Fiscal Year 2015 appropriation not being reappropriated to Fiscal Year 2016.

**Tourism Promotion Fund – 0763**

Operations, Court Ordered

Increase of \$126,912 (100%) in Fiscal Year 2016 was due to Personal Services and related expenditures being paid under the Comptroller-established expenditure authority in response to the St. Clair Court Order to pay State employees. One payroll was charged to this fund.

Lump Sum – Operations

Increase of \$631,726 (64%) in Fiscal Year 2016 was due to the loss of normal General Revenue Fund (0001) line item appropriations. Expenditures that normally would have been paid from those appropriation line items were paid from the Lump Sum – Operations line item of the Tourism Promotion Fund (0763).

**Presidential Library and Museum Operating Fund – 0776**

Decrease of \$6,391,800 (52%) in Fiscal Year 2016 was due to a \$4 million reduction in transfers-in to the fund which limited the cash balance available for expenditure. In addition, the Agency curtailed and delayed expenditures where possible.

**VARIANCE 2014 TO 2015**

**General Revenue Fund – 0001**

Personal Services

Decrease of \$1,300,074 (20%) in Fiscal Year 2015 was due to shifting payrolls to the Tourism Promotion Fund (0763) and the Illinois Historic Sites Fund (0538).

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - Continued**

State Contributions to Social Security

Decrease of \$96,457 (20%) in Fiscal Year 2015 was due to shifting payrolls to the Illinois Historic Sites Fund (0538) and the Tourism Promotion Fund (0763).

Contractual Services

Decrease of \$261,698 (27%) in Fiscal Year 2015 was due to contractual services payments being paid from the Tourism Promotion Fund (0763).

Telecommunications

Decrease of \$50,003 (51%) in Fiscal Year 2015 was due to Agency staff vacancies and payments to CMS not being made before the close of the fiscal year.

Lump Sum – Lewis and Clark Historic Site Operational Expenses

Increase of \$203,860 (84%) in Fiscal Year 2015 was due to a \$307,600 increase in the line item appropriation. In previous years, a portion of the Lewis and Clark Historic Site operational expenses were charged other line items within the Illinois Historic Sites Fund (0538).

Awards and Grants – Amistad Commission Expenses

Decrease of \$64,703 (32%) in Fiscal Year 2015 was due to a reduction in reimbursement requests (6 in Fiscal Year 2014 compared to 3 in Fiscal Year 2015) from the Amistad Commission.

**Illinois Historic Sites Fund – 0538**

Contractual Services

Decrease of \$132,116 (39%) in Fiscal Year 2015 was due to Historic Site costs and utility costs being paid from the Tourism Promotion Fund (0763).

Lump Sums – Historic Preservation Programs – Sites

Decrease of \$128,543 (100%) in Fiscal Year 2015 was due to Historic Site costs being paid from the Tourism Promotion Fund (0763).

Lump Sums – Historic Preservation Programs – Preservation Services

Decrease of \$82,792 (49%) in Fiscal Year 2015 was due to Historic Preservation costs being paid from the Tourism Promotion Fund (0763).

Lump Sums – Operation of Historic Sites (Donations)

Decrease of \$255,921 (57%) in Fiscal Year 2015 was due to Historic Sites seasonal help being paid from the Tourism Promotion Fund (0763).

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - Continued**

Lump Sums – Operations – OSC, JRB, and Union Station

Decrease of \$149,454 (58%) in Fiscal Year 2015 was due to Fiscal Year 2014 expenses being inflated by a tort claim payment and because quarterly usage and maintenance payments to the State Garage Fund (0303) were paid from the Tourism Promotion Fund (0763) rather than the Illinois Historic Sites Fund (0538).

Awards and Grants – Historic Preservation Grants – Preservation Services (Reapprop.)

Decrease of \$50,999 (33%) in Fiscal Year 2015 was due to the timing of when Certified Local Government grantees submitted requests for reimbursement.

**Tourism Promotion Fund – 0763**

Lump Sum – Operations

Increase of \$992,114 (100%) in Fiscal Year 2015 was due to the Agency receiving this new appropriation and paying ordinary and contingent expenses through this appropriation rather than the General Revenue Fund (0001) and the Illinois Historic Sites Fund (0538).

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**

The Historic Preservation Agency's (Agency) explanations for significant fluctuations in receipts as presented in the Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller are detailed below. For the purpose of this analysis, a significant fluctuation is defined as a variation that equaled or exceeded \$30,000 and 20% as compared to the prior fiscal year.

**VARIANCE 2015 TO 2016**

**Illinois Historic Sites Fund – 0538**

Agricultural Sales

Decrease of \$39,988 (77%) in Fiscal Year 2016 was due to variations in crop yield and timing in market sales by tenant farmers.

Copy Fees

Decrease of \$30,470 (46%) in Fiscal Year 2016 was due to loss of subscribers caused by broken copy equipment at the Abraham Lincoln Presidential Library and Museum and no State appropriation available to purchase new equipment.

**Presidential Library and Museum Operating Fund – 0776**

Property Rental

Decrease of \$50,430 (43%) in Fiscal Year 2016 was due primarily to a miscoding of 13 deposits to admissions that should have been credited to property rental. If corrected, the variance in Fiscal Year 2016 is a decrease of \$11,053 (9%). According to the Agency, the Illinois Office of the Comptroller instructed them not to correct the receipt source unless it was deposited to the wrong fund.

**VARIANCE 2014 TO 2015**

**Illinois Historic Sites Fund – 0538**

Copy Fees

Decrease of \$32,498 (33%) in Fiscal Year 2015 was due to the loss of microfilm subscribers caused by equipment downtime at the Abraham Lincoln Presidential Library and Museum.

Department of Interior

Decrease of \$266,523 (20%) in Fiscal Year 2015 was due to the timing of the reimbursement requests that were submitted.

Donations – Individuals/Organizations

Decrease of \$56,920 (89%) in Fiscal Year 2015 due to receipt of a large courthouse renovation donation received in Fiscal Year 2014.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**

The Historic Preservation Agency's (Agency) explanations for significant lapse period spending as presented in the Schedule of Appropriations, Expenditures and Lapsed Balances are detailed below. For the purpose of this analysis, significant lapse period spending is defined as spending that equaled or exceeded \$50,000 and 20% of the total expenditures for the respective fiscal year.

**FISCAL YEAR 2016**

**Illinois Historic Sites Fund – 0538**

Contractual Services

Spending of \$322,868 (100%) during Fiscal Year 2016 lapse period was due to a lack of appropriation authority during the 12-month fiscal year.

Lump Sums – Operations of Historic Sites (Donations)

Spending of \$203,770 (64%) during Fiscal Year 2016 lapse period was due to a lack of appropriation authority during the 12-month fiscal year other than personal services.

Lump Sums – Historic Preservation Programs - Sites

Spending of \$293,817 (100%) during Fiscal Year 2016 lapse period was due to a lack of appropriation authority during the 12-month fiscal year.

**Tourism Promotion Fund – 0763**

Lump Sums – Operations

Spending of \$1,623,840 (100%) during Fiscal Year 2016 lapse period was due to a lack of appropriation authority during the 12-month fiscal year.

**FISCAL YEAR 2015**

**Tourism Promotion Fund – 0763**

Lump Sums – Operations

Spending of \$675,449 (68%) during Fiscal Year 2015 lapse period was due to invoices received late in the fiscal year for utility expenses, payroll, monthly telephone service, and various repair and maintenance charges. In addition, the Agency did not have an appropriation from this fund until the passage of P.A. 99-0001, which was effective March 26, 2015.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**ANALYSIS OF ACCOUNTS RECEIVABLE**

**For the Years Ended June 30, 2016 and 2015**  
(Expressed in Thousands)

Aging of Accounts Receivable were as follows:

	<u>2016</u>	<u>2015</u>
Current	\$ 2,063	\$ 764
1-30 days	-	-
31-90 days	-	-
91-180 days	-	-
181-1 year	-	-
Over 1 year	<u>-</u>	<u>-</u>
Accounts Receivable Gross Balance	2,063	764
Less: Estimated Uncollectibles	<u>-</u>	<u>-</u>
Accounts Receivable Net Balance	<u><u>\$ 2,063</u></u>	<u><u>\$ 764</u></u>

Note: As noted in Finding 2016-016, the Agency did not have a process in place for determining accounts receivable. The dollar amount of all potential receivables was not estimable and, therefore, has not been included in this schedule. Amounts reported above represent receivables related to parking garage fee collections and grant receivables from the Federal Department of the Interior.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

(Not Examined)

**AGENCY FUNCTIONS**

The Illinois Historic Preservation Agency (Agency) was created in 1985 by Public Act 84-25. The Agency is responsible for the protection and interpretation of Illinois' history and historic resources. The Agency administers the Abraham Lincoln Presidential Library and Museum, State-owned historic sites, and the State's preservation program, which assists owners of historic properties with rehabilitation and preservation.

The Agency's operations are divided into the following divisions: Administrative Services – Buildings & Grounds, Executive Office, Historic Sites, Preservation Services, and the Abraham Lincoln Presidential Library and Museum.

Administrative Services Division – Buildings & Grounds

The Administrative Services Division is responsible for physical plant operations of the downtown Springfield, Illinois facilities as well as construction and repairs at historic sites statewide.

Executive Office

The Executive Office is divided into two areas – Constituent Services and the Director's Office. Constituent Services is responsible for research, education, publications, and the coordination of special programs and events. Those divisions reporting directly to the Director's Office include Fiscal Management, General Services – Internal Auditing, Legal, Legislative Liaison, Procurement, Information Technology, and Human Resources. In addition, division managers from all divisions report to the director and/or deputy director.

Preservation Services Division

The Preservation Services Division is responsible for the identification, protection, and promotion of historically important sites throughout the State, recommendation of sites to include in the National Historic Register, review and compliance of federal projects dealing with historic preservation, and the oversight of grants awarded to local governments for historic preservation efforts.

Historic Sites Division

The Historic Sites Division is responsible for the operation and maintenance of all State-owned historic sites and memorials, which attract about two million tourists annually. The Historic Sites Division also conducts many special events, which attract a large number of visitors and serve an important local function in both economics and community pride.

Abraham Lincoln Presidential Library and Museum

The Abraham Lincoln Presidential Library and Museum (ALPLM) is responsible for the operation and maintenance of the ALPLM site. The ALPLM interprets the life and times of America's greatest president; fosters scholarship into Lincoln's life and times; preserves the documentary and visual history of Illinois; and encourages historical literacy through an ambitious agenda of changing exhibits, conferences, lectures, educational outreach, and on-line programming.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**AGENCY FUNCTIONS AND PLANNING PROGRAM - Continued**

(Not Examined)

**AGENCY PLANNING PROGRAM**

The Agency considers its upper management to include the Director, Deputy Director, Legal Counsel, Procurement Officer, Marketing Manager, Chief Fiscal Officer, Human Resource Manager, Legislative Liaison, IT Manager, Chief internal Auditor, respective division managers, and staff from the Library and Museum including the Executive Director and Chief of Staff. Upper management participates in key management decisions for budgeting, purchasing, hiring, and termination of employees. The Agency is under the direct supervision of a seven-member Board of Trustees appointed by the Governor. This Board is the ultimate decision-maker concerning major policies of the Agency. Meetings are held approximately every quarter and are attended by Board members, the Agency Director, and division managers and are documented by meeting minutes.

The Agency evaluates performance metrics pertaining to their activities and enters them into a database maintained by the Office of Management and Budget on a quarterly basis. Due to budget restrictions, upper management has taken a serious look at which programs and services are the most significant through evaluation of the Agency's mission and statutory requirements. Representatives from each division, both management and staff, have been involved in the development of the performance metrics and determining which programs and services are most significant.

Communication between the five divisions is accomplished mainly through telephone conversations, e-mail, and memoranda throughout the offices. In general, staff meetings involving upper management identified above are held every two weeks.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**BUDGET IMPASSE DISCLOSURES**

(Not Examined)

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Historic Preservation Agency (Agency) to pay Fiscal Year 2016 costs using the Agency's Fiscal Year 2017 appropriations for non-payroll expenditures. The following chart shows the Agency's plan to expend its Fiscal Year 2017 appropriations to cover its Fiscal Year 2016 costs:

<u>Fund #</u>	<u>Fund Name</u>	<u>Number</u>	<u>Dollar Value</u>
0001	General Revenue Fund	3	\$ 150,000
0538	Illinois Historic Sites Fund	14	68,552
0686	Budget Stabilization Fund	139	495,225
0776	Presidential Library and Museum Operating Fund	11	306,017
		<u>167</u>	<u>\$ 1,019,794</u>

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND  
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**

(Not Examined)

Transactions Involving the Illinois Finance Authority

The Historic Preservation Agency (Agency) and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

*Vendor Payment Program (VPP)*

In 2011, the State of Illinois (State) created the voluntary VPP in response to delays in payments for goods and services provided by the State's vendors arising from the State's cash flow deficit. The Department of Central Management Services (CMS) approved third party financing entities to act as "qualified purchasers" of accounts receivable from "participating vendors" who had submitted invoices which had not been paid by the State.

A participating vendor's accounts receivable is eligible for the VPP if it is from an invoice unpaid by the State that is (1) not for medical assistance payments (2) where 90 days have passed since the proper bill date, which is (3) entitled to interest under the State Prompt Payment Act (Act) (30 ILCS 540) and (4) free of any liens or encumbrances. Under the terms of an agreement between a qualified purchaser and the participating vendor, the participating vendor receives payment for 90% of the receivable balance. The participating vendor, in turn, assigns its rights to the interest due under the Act to the qualified purchaser. When the State Comptroller ultimately pays the invoice, the participating vendor receives the remaining 10% due (less any offsets).

Notably, while CMS approved the qualified purchasers and provided information to vendors about VPP, neither CMS nor the State are parties to the assignment agreements.

During Fiscal Year 2015 and Fiscal Year 2016, none of the Agency's vendors participated in the Vendor Payment Program (VPP).

*Vendor Support Initiative Program (VSI)*

During Fiscal Year 2016, the State created the voluntary VSI as an alternative to the VPP for cases where the Agency lacked an enacted appropriation or other legal expenditure authority to present invoices to the State Comptroller for payment. The VSI operated similarly to the VPP, although the Agency was required to determine a participating vendor's invoice (1) would have met the requirements of the VPP and (2) provided the proper bill date of invoice prior to the qualified purchaser and participating vendor entering into an agreement where the participating vendor received payment for 90% of the receivable balance. The participating vendor, in turn, assigned its rights to the interest due under the Act to the qualified purchaser. After the State Comptroller ultimately paid/pays the invoice after the Agency receives/received appropriations or other legal expenditure authority to pay the invoice, the participating vendor receives/received the remaining 10% due (less any offsets).

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND  
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS - Continued**

(Not Examined)

During Fiscal Year 2016, the Agency had 4 vendors participate in VSI for 305 invoices, totaling \$257,599. A summary of the amount of transactions by qualified purchaser follows:

**TRANSACTIONS BY QUALIFIED  
PURCHASER**

<u>Qualified Purchaser</u>	<u>Total</u>
VCF	\$ 159,682
VAP	97,917
	<hr/> <u>\$ 257,599</u> <hr/>

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**INTEREST COSTS ON FISCAL YEAR 2016 INVOICES**

(Not Examined)

Prompt Payment Interest Costs

The Historic Preservation Agency (Agency) plans to calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2016. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90<sup>th</sup> day after a vendor submits an eligible proper bill to the Agency. The following chart shows the Agency's prompt payment interest incurred related to Fiscal Year 2016 invoices, calculated on the accrual basis of accounting, through June 30, 2016, by fund:

**PROMPT PAYMENT INTEREST INCURRED**

Year Ended June 30, 2016

<u>Fund #</u>	<u>Fund Name</u>	<u>Invoices</u>	<u>Vendors</u>	<u>Dollar Value</u>
0538	Illinois Historic Sites Fund	142	49	\$ 4,569
0763	Tourism Promotion Fund	194	53	7,752
0776	ALPLM Operating Fund	126	52	14,318
		<u>462</u>	<u>154</u>	<u>\$ 26,639</u>

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**AVERAGE NUMBER OF EMPLOYEES**

**For the Years Ended June 30, 2016, 2015, and 2014**

(Not Examined)

The average number of employees employed by the Historic Preservation Agency was as follows:

Division	Fiscal Year		
	2016	2015	2014
Executive Office	18	19	16
Preservation Services	11	13	12
Administrative Services	6	7	7
Historic Sites	73	77	61
Presidential Library & Museum	66	85	71
Total average full-time employees	174	201	167

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**EMERGENCY PURCHASES**

(Not Examined)

The Historic Preservation Agency reported the following emergency purchases to the Office of the Auditor General during Fiscal Years 2015 and 2016:

<u>Description</u>	<u>Amount</u>
<b>Fiscal Year 2015</b>	
No Fiscal Year 2015 emergency purchases	<u>                    </u>
<b>Total Fiscal Year 2015</b>	<u><u>\$          -</u></u>
<b>Fiscal Year 2016</b>	
Cahokia Mounds electrical panel repair due to storm damage.*	<u>\$      65,410</u>
<b>Total Fiscal Year 2016</b>	<u><u>\$      65,410</u></u>

\* This was the actual amount reported and paid.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**MEMORANDUMS OF UNDERSTANDING**

(Not Examined)

The Historic Preservation Agency (Agency) enters into memorandums of understanding (MOU) on a periodic basis with various support organizations and other State Agencies.

The non-profit support organizations work collaboratively with the Agency to assist in providing volunteer resources, financial support and to assist in the operations and maintenance of historic sites throughout the State of Illinois. The following MOU was entered into during the two years ended June 30, 2016:

<b><u>Site Supported</u></b>	<b><u>Organization Providing Support</u></b>	<b><u>Term of MOU</u></b>
Vandalia State House	Vandalia Historical Society, Inc.	6/9/2016 – 12/31/2018

The MOU's with other State agencies serve to clarify the roles and statutory responsibilities of each party to the agreement. The following MOU was entered into during the two years ended June 30, 2016:

<b><u>State Agency</u></b>	<b><u>Purpose</u></b>	<b><u>Commencement of MOU</u></b>
Office of the Governor	Clarify roles and responsibilities relative to the preservation and conservation of the Executive Mansion in Springfield, the Governor's offices in the Capitol in Springfield and the Thompson Center in Chicago, and the Hayes House in DuQuoin.	2/24/2016

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SERVICE EFFORTS AND ACCOMPLISHMENTS**

(Not Examined)

(Spending Expressed In Thousands)

The Illinois Historic Preservation Agency was created by Executive Order in 1985 and later codified by Public Act 84-25. The Agency operates 56 State-owned historic sites and memorials, administers the Abraham Lincoln Presidential Library and Museum Complex, administers the Illinois History Exposition, develops publications for scholars and history enthusiasts, and oversees the Papers of Abraham Lincoln. The Agency saves and shares the ongoing story of Illinois to advance learning from our past, demonstrate its relevance in the present, and provide direction for the future. The Agency collects historically important materials, and interprets their meaning to the public. It is organized into three programmatic divisions: Historic Sites, Preservation Services, and the Abraham Lincoln Presidential Library and Museum.

The Historic Sites Division provides stewardship to 56 historically significant sites representing over 2,000 years of human history across Illinois including the World Heritage Site at Cahokia Mounds; Frank Lloyd Wright's masterpiece, the Dana Thomas House; and Lincoln's New Salem. In addition to providing tours to visitors and schoolchildren from around the globe each year, the sites provide 200-300 public programs ranging from small workshops to multi-day festivals serving thousands. The artifact collection of more than 40,000 items ranges from objects once owned by Abraham Lincoln, to internationally significant artwork, to materials representing the foundations of the State of Illinois.

The Preservation Services Division administers the state and federal historic preservation programs in Illinois and protects our cultural resources. The Preservation Services Division identifies, records, preserves, and promotes the historic properties and resources of Illinois as the federally designated State Historic Preservation Office (SHPO). The Division receives federal matching funds to support the SHPO activities. The Division reviews 15 – 20,000 undertakings each year to assure that historic resources are being properly safeguarded. The Division also reviews and assists historic property owners who utilize preservation tax incentives in their developments. The staff conducts reviews in a timely manner to meet legal requirements and assist owners in construction projects.

The Abraham Lincoln Presidential Library (formerly the Illinois State Historical Library) collects, preserves, and makes available to researchers published and unpublished resources that document the diverse history of Illinois and its people, thereby increasing and enriching public knowledge. In addition, interlibrary loans are made to other network libraries throughout the country. The Presidential Library continually acquires information and preserves historically significant documents currently in its collection. The Agency opened the Abraham Lincoln Presidential Museum in 2005, which has since been recognized for its engaging shows and exhibits and ability to convey the life of America's greatest president. The Presidential Museum interprets the life and times of America's greatest president; fosters scholarship into Lincoln's life and times; preserves the documentary and visual history of Illinois; and supports historical literacy through an ambitious agenda of changing exhibits, conferences, lectures, educational outreach, and online programming.

The following table details expenditures and number of employees as of June 30, 2016 and 2015. The headcount presented does not agree to the Average Number of Employees schedule as the totals are as of June 30 rather than averages for the fiscal years presented.

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SERVICE EFFORTS AND ACCOMPLISHMENTS**

(Not Examined)

(Spending Expressed In Thousands)

	2016		2015	
	<u>Expenditures</u>	<u>Headcount</u>	<u>Expenditures</u>	<u>Headcount</u>
<u>Reporting Programs</u>				
Abraham Lincoln Presidential Library and Museum	\$ 5,818.4	54	\$ 12,215.9	58
Historic Sites	2,025.9	62	5,688.9	64
Preservation Services	1,952.0	12	1,468.4	12
 <u>Non-Reporting Programs</u>				
Executive Office	<u>\$ 7,408.6</u>	<u>6</u>	<u>\$ 2,782.8</u>	<u>8</u>
 Agency Totals	 <u>\$ 17,204.9</u>	 <u>134</u>	 <u>\$ 22,156.0</u>	 <u>142</u>

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SERVICE EFFORTS AND ACCOMPLISHMENTS – Continued**

(Not Examined)

(Spending Expressed In Thousands)

***Abraham Lincoln Presidential Library and Museum***

Mission Statement: The Abraham Lincoln Presidential Library and Museum interprets the life and times of America's greatest president; fosters scholarship into Lincoln's life and times; preserves the documentary and visual history of Illinois; and supports historical literacy through an ambitious agenda of changing exhibits, conferences, lectures, educational outreach, and on-line programming.

**Program Goals:**

- 1) To increase awareness of the Abraham Lincoln Presidential Library and Museum through public presentations and tours.
  - o To increase museum attendance one percent.
- 2) Preserve and collect books, pamphlets, newspapers, photographs, manuscripts, and other materials of historical interest to the State of Illinois.
  - o To complete at least 80% of conservation treatments.
  - o To rotate the authentic original Lincoln materials in the museum at least every 9-12 months for the sake of preservation and publicity.
- 3) Make available, to the public, Illinois historical materials and information.
  - o To respond to 100% of the interlibrary loan requests within 30 working days.
  - o To respond to at least 99% of the reference section and newspaper section research request letters within 30 working days.
  - o To improve accessibility to newly published books by reducing the time for the processing of 100% of them to 30 working days.

Funds: Illinois Historic Sites Fund, Abraham Lincoln Presidential Library and Museum Operating Fund.  
Statutory Authority: 20 ILCS 3425 et seq.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Input indicators:</u>			
Total expenditures – all sources	\$ 5,818.4	\$ 12,215.9	\$ 13,718.0
Total expenditures – State appropriated funds	\$ 5,818.4	\$ 12,215.9	\$ 13,718.0
Average monthly full-time equivalents	64	58	79
<u>Output Indicators</u>			
Library users	39,377	47,665	46,770
Conservation treatments performed	2,260	2,500	2,637
Interlibrary loans sent	1,470	3,700	3,671
Museum attendance	280,937	302,054	290,837
Volunteer hours	41,130	42,954	39,850
<u>Outcome Indicators</u>			
Percent of research letters answered in 30 days	95%	99%	95%
Percent of conservation treatments completed in 30 days	80%	80%	80%
Percent of interlibrary loans processed in 30 days	100%	100%	100%

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SERVICE EFFORTS AND ACCOMPLISHMENTS – Continued**

(Not Examined)

(Spending Expressed In Thousands)

**Preservation Services**

Mission Statement: To identify, record, and preserve the historic buildings and places of Illinois.

Program Goals:

- 1) Work with State and Federal agencies to facilitate their stewardship responsibilities for historic properties.
  - o Review 98% of projects submitted within 30 days or less.
  - o Produce 10 agreement documents with agencies that accomplish property protection.
- 2) Recognize important historic properties by listing them in the National Register of Historic Places with high service levels for applicants.
  - o To respond to at least 90% of National Register inquiries within 30 days by providing the information needed so that applicants may move forward with National Register applications, or otherwise determine appropriate courses of action for other inquiries.
- 3) Assist county and municipal governments in creating and administering effective local government historic preservation programs so they may be eligible for the benefits of Federal grants and incentive programs.
  - o To assist municipalities and counties throughout the State to meet Federal criteria to become eligible for and/or maintain their status as Certified Local Governments (CLG).
  - o To offer advocacy for local preservation laws, guidelines, and actions that help to promote awareness, economic development, and sustainability through cultural resource identification and revitalization.
- 4) Administer State and Federal tax incentive programs in a prompt manner consistent with the needs of ongoing rehabilitation of the involved historic properties.
  - o Provide up to date and clear information to the public explaining the tax program benefits and procedures in public forums that occur at least four times each year, and on our website.
  - o To respond to 97% of State and Federal tax incentives requests for project review within 50 days.

Funds: General Revenue Fund, Capital Development Fund, Illinois Historic Sites Fund. Statutory Authority: 20 ILCS 3410, 3420, 3435, 3440

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Input indicators:</u>			
Total expenditures – all sources	\$ 1,952.0	\$ 1,468.4	\$ 1,872.1
Total expenditures – State appropriated funds	\$ 1,952.0	\$ 1,468.4	\$ 1,872.1
Full-time equivalents as of June 30	12	12	14
<u>Output Indicators</u>			
State tax incentive responses (Part 1, 2, 3 additional work and preliminaries)	155	126	131
Federal tax incentive responses (Part 1, 2, 3 and amendments)	181	191	148
<u>Outcome Indicators</u>			
Percent of regulatory review comments completed in 30 days	94%	98%	96%
Percent of National Register responses within 30 days	87%	90%	95%
Percent of tax program responses within 50 days	98%	97%	95%
<u>External Benchmarks</u>			
Number of Certified Local Governments	80	79	78

**STATE OF ILLINOIS  
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

**SERVICE EFFORTS AND ACCOMPLISHMENTS – Continued**

(Not Examined)

(Spending Expressed In Thousands)

***Historic Sites***

Mission Statement: To maintain, preserve, interpret, collect, and communicate the cultural history of Illinois as represented by the 56 historic sites and memorials administered and owned by the State of Illinois. This is accomplished through public access, educational programs, special events, and outreach.

Program Goals:

- 1) To preserve for future generations the division's historic buildings, historic artifacts, archaeological resources, and recreational and support facilities.
- 2) To maintain, as measured by public survey, an annual cleanliness rating of 90% at all staffed sites open to the public.
- 3) To provide interesting and educational historical and cultural programs at staffed historic sites as measured by public survey at 90%.
- 4) To reach and educate new and remote audiences as well as under-privileged audiences via our website.
- 5) To promote and increase tourism throughout the State by attracting visitors to our sites. These visitors spend on average \$82 per day in the communities they visit.

Funds: General Revenue Fund, Illinois Historic Sites Fund. Statutory Authority: 20 ILCS 3405 et al

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Input indicators:</u>			
Total expenditures – all sources	\$ 2,025.9	\$ 5,688.9	\$ 7,595.3
Total expenditures – State appropriated funds	\$ 2,025.9	\$ 5,688.9	\$ 7,595.3
Average monthly full-time equivalents	64	64	64
<u>Output Indicators</u>			
Site attendance (thousands)	1,671	2,100	1,910
Volunteer hours (thousands)	79.2	72.4	70.4
Donation box receipts (thousands)	\$ 479.1	\$ 495.3	\$ 507.2
Economic impact of historic sites (millions)	\$ 155.9	\$ 145.6	\$ 157.1
Website hits pertaining to historic sites (a)	171,410	158,319	80,672
<u>Outcome Indicators</u>			
Overall enjoyable public programs experience - survey	94%	95%	91%
Site appearance and annual cleanliness rating - survey	95%	96%	94%

- a) In Fiscal Year 2014, there was an issue with the system used to track website hits. A new system was implemented in April 2014; therefore, only data from April through June 2014 was collected.