

REPORT DIGEST

**ILLINOIS ARTS COUNCIL AND ILLINOIS ARTS COUNCIL FOUNDATION
FINANCIAL AND COMPLIANCE AUDIT
(IN ACCORDANCE WITH THE SINGLE AUDIT ACT OF 1984, AND
OMB CIRCULAR A-128)
FOR THE TWO YEARS ENDED JUNE 30, 1993**

{Expenditures and Activity Measures are summarized on the reverse page.}

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FINAL SUBGRANTEE REPORTS RECEIVED LATE

The Council received final financial and narrative reports from grant recipients late which is a violation of the grant agreements and decreases Council control over those grants.

Of the 68 grants tested during our audit, 11 subgrantees filed their final reports late, including two federal subgrantees. In 1989, the Council started using a series of letters to encourage subgrantees to file the necessary reports when due, but this may not be enough. Subsequent grant awards are also withheld until final reports are filed.

According to grant agreements, both a final financial report and a final narrative report are to be filed with the Council within 30 days of the end of the grant period. Federal requirements state that final reports be received within 90 days of the end of the grant period. Receiving final reports late impairs the Council's ability to effectively monitor and maintain control over existing grants and increases the risk of losing federal funding. (Finding 5, page 23)

Council officials agreed that additional procedures can be effective as evidenced by the reduced number of late filings in recent years. They also stated that telephone calls are now used to follow-up and encourage compliance with filing requirements for final reports.

SINGLE AUDIT REPORTS NOT RECEIVED FROM SUBGRANTEES

During the audit period, the Council did not obtain single audit reports from two subgrantees which received more than \$25,000 in federal funds. This is a violation of the federal Single Audit Act and OMB Circular A-128.

It is the Council's policy to not award federal grants in excess of \$25,000 in order to avoid the Single Audit requirements. Nevertheless, the Council awarded one federal grant in fiscal year 1992 in the amount of \$44,608 and one federal grant in fiscal year 1993 in the amount of \$38,227. These grants were larger than usual due to the timing of the availability of the federal funds.

Although independent financial audit reports were obtained from the subgrantees, single audit reports designed to meet federal requirements were not received. A single audit report would contain an opinion indicating whether or not specific federal compliance requirements were met. (Finding 18, page 104)

Council officials agreed with our recommendation to obtain single audit reports from subgrantees when they award federal grants in excess of \$25,000.

OTHER FINDINGS

The remaining findings are less significant and have been given appropriate attention by the Council. We will review the Council's progress towards the implementation of our recommendations in our next audit. Responses to our findings and recommendations were provided by Richard Carlson, the Council's Fiscal Officer and Assistant Deputy Director.

AUDITORS' OPINION

Our auditors state that the financial statements of the Illinois Arts Council and Illinois Arts Council Foundation at June 30, 1993 and 1992 are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:KMA:pp

SUMMARY OF AUDIT FINDINGS

| <u>Number of</u> | <u>This Audit</u> | <u>Prior Audit</u> |
|--|-------------------|--------------------|
| Audit findings | 8 | 14 |
| Repeated audit findings | 4 | 8 |
| Prior recommendations implemented or not repeated | 10 | 15 |

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors for this audit were BDO Seidman.

ILLINOIS ARTS COUNCIL AND ILLINOIS ARTS COUNCIL FOUNDATION
FINANCIAL AND COMPLIANCE AUDIT
For The Two Years Ended June 30, 1993

| EXPENDITURE STATISTICS | | | FY 1993 |
|--|--|--|--------------------|
| ●Total Expenditures (All Funds) | | | \$7,662,088 |
| <u>OPERATIONS TOTAL</u> | | | \$1,360,254 |
| % of Total Expenditures | | | 17.7% |
| Personal Services | | | \$873,838 |
| % of Operations Expenditures | | | 64.3% |
| Average No. of Employees | | | 22 |
| Other Payroll Costs (FICA, Retirement) | | | |
| % of Operations Expenditures | | | \$163,554 12.0% |
| Contractual Services | | | \$150,007 |
| % of Operations Expenditures | | | 11.0% |
| All Other Operations Items | | | \$172,855 |
| % of Operations Expenditures | | | 12.7% |
| <u>GRANTS TOTAL</u> | | | \$6,301,834 |
| % of Total Expenditures | | | 82.3% |
| ●Cost of Property and Equipment | | | \$219,837 |

| SELECTED ACTIVITY MEASURES | | | FY 1993 |
|-----------------------------------|--|--|----------------|
| ●Federal Grant Revenues | | | \$839,209 |
| ●Foundation Revenues | | | \$51,818 |

| AGENCY DIRECTOR(S) |
|---|
| During Audit Period: Mr. Richard Huff, Executive Director (through November 15, 1993) Currently: Ms. Rhoda Pierce, Acting Executive Director |