



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**HISTORIC PRESERVATION AGENCY**

**Compliance Examination  
 For the Two Years Ended June 30, 2014**

**Release Date: May 14, 2015**

<b>FINDINGS THIS AUDIT: 19</b>				<b>AGING SCHEDULE OF REPEATED FINDINGS</b>			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<b>Repeated Since</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>
<b>Category 1:</b>	<b>3</b>	<b>2</b>	<b>5</b>	2012		14-8, 14-10, 14-15, 14-16	
<b>Category 2:</b>	7	7	14	2010	<b>14-4</b>	14-17	
<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>	2008	<b>14-1</b>	14-6, 14-13	
<b>TOTAL</b>	<b>10</b>	<b>9</b>	<b>19</b>				
<b>FINDINGS LAST AUDIT: 12</b>							

**SYNOPSIS**

- **(14-1)** The Agency did not maintain sufficient controls over its property and related fiscal records.
- **(14-2)** Internal controls over receipts and refunds were inadequate.
- **(14-3)** Adequate controls were not exercised over the Agency’s investment of public funds activities.
- **(14-4)** Complete internal control certifications were not prepared and adequate assessments of operational risks were not performed.
- **(14-5)** The Agency failed to maintain adequate internal controls over historical artifacts.

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

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

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

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

**HISTORIC PRESERVATION AGENCY  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014**

EXPENDITURE STATISTICS	2014	2013	2012
<b>Total Expenditures.....</b>	<b>\$ 24,023,563</b>	<b>\$ 22,966,036</b>	<b>\$ 20,811,890</b>
OPERATIONS TOTAL.....	\$ 23,617,357	\$ 22,627,818	\$ 20,610,348
% of Total Expenditures.....	98.3%	98.5%	99.0%
Personal Services.....	7,137,223	6,640,090	7,074,172
Other Payroll Costs (FICA, Retirement).....	912,662	820,583	768,896
All Other Operating Expenditures.....	15,567,472	15,167,145	12,767,280
AWARDS AND GRANTS.....	\$ 359,327	\$ 288,745	\$ 194,072
% of Total Expenditures.....	1.5%	1.3%	1.0%
PERMANENT IMPROVEMENTS.....	\$ 46,879	\$ 49,473	\$ 7,470
% of Total Expenditures.....	0.2%	0.2%	0.0%
<b>Total Receipts.....</b>	<b>\$ 4,722,337</b>	<b>\$ 4,390,554</b>	<b>\$ 4,552,434</b>
<b>Average Number of Employees (Not Examined).....</b>	<b>167</b>	<b>164</b>	<b>177</b>

SELECTED ACTIVITY MEASURES (Not Examined)	2014	2013	2012
<b>Abraham Lincoln Presidential Library and Museum:</b>			
Library Users.....	46,770	53,034	51,767
Items Acquired.....	3,570	3,238	3,678
Conservation Treatments Performed.....	2,637	1,841	2,575
Museum Attendance.....	297,837	315,666	294,959
<b>Communications and Public Affairs:</b>			
Subscribers to All Publications.....	1,055	1,517	1,747
Participants at the Illinois History Fair.....	1,200	1,112	1,300
Publications Online.....	53	53	44
<b>Preservation Services:</b>			
Number of Certified Local Governments.....	78	77	74
<b>Historic Sites:</b>			
Site Attendance (In Thousands).....	1,910	1,935	1,990
Economic Impact of Historic Sites (In Millions).....	\$157.1	\$158.7	\$159.0

AGENCY DIRECTOR
During Examination Period: Ms. Amy Martin
Currently: Ms. Amy Martin

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**PROPERTY CONTROL WEAKNESSES**

The Agency did not maintain sufficient controls over its property and related fiscal records.

Some of the exceptions we noted are as follows:

**The State property schedule could not be examined due to inaccuracies**

- The Schedule of Changes in State Property could not be examined due to the number of inaccuracies on the Agency Reports of State Property (Form C-15).
- Two of five (40%) permanent improvements tested, totaling \$105,247, were not properly capitalized and reported.
- Two of four (50%) Capitol Development Board (CDB) transfers-in tested, totaling \$24,354 were inappropriately added to the Agency's property records and reports for Fiscal Year 2013.
- Twelve of 44 (27%) equipment vouchers tested, totaling \$7,140, included 58 property items not added to the Agency's detailed property listing.

**Unused computers were not securely maintained**

- The Agency did not securely maintain 25 unused computers held for transfer to the Department of Central Management Services (CMS).

**Equipment was not timely recorded**

- The Agency did not timely record 14 of 40 (35%) equipment additions tested, or 10 of 40 (25%) equipment deletions tested totaling \$69,913 and \$86,852, respectively. (Finding 1, pages 12-15). **This finding has been repeated since 2008.**

We recommended the Agency strengthen controls over property and equipment to comply with applicable laws and regulations and to ensure timely and accurate recording and reporting.

**Agency agrees with auditors**

Agency officials concurred with the recommendation that controls should be strengthened in regards to property control and reporting, and stated they will request sufficient staffing to implement the recommendation. *(For the previous Agency response, see Digest Footnote #1.)*

## **INADEQUATE CONTROLS OVER RECEIPTS AND REFUNDS**

The Agency did not maintain adequate internal controls over receipts and refunds.

### **Segregation of duties over receipts was not maintained**

Some conditions noted included the following:

- Proper segregation of duties was not maintained.
- Sixty of 60 (100%) receipt deposit transmittals (RDTs) tested were not independently reviewed or approved.
- Twenty-eight of 60 (47%) RDTs and 2 of 6 (33%) refunds tested did not include documentation of the receipt date needed to determine timeliness of deposit.
- Nine of 60 (15%) RDTs tested lacked sufficient documentation to determine if the receipt amount was accurate. (Finding 2, pages 16-17)

We recommended the Agency segregate duties over receipts, review reporting and transactions, and maintain supporting documentation of receipts, refunds, and reviews performed.

Agency management concurred that additional segregation of duties is necessary, and responded they will request sufficient staffing to implement the recommendation.

### **Agency agrees with auditors**

## **INADEQUATE CONTROLS OVER INVESTMENT OF PUBLIC FUNDS**

The Agency did not exercise adequate controls over the Agency's investment of public funds activities.

We noted the Agency did not comply with the investment policy for estate proceeds totaling \$2,421,905 and \$2,771,040 as of June 30, 2013 and 2014, respectively, as follows:

### **Noncompliance with estate proceeds investment policy**

- The Agency did not maintain support documenting the Agency Director's selection and the Board of Trustees' approval of the money management firm responsible for investing the locally held funds.
- The Agency's Chief Fiscal Officer worked with the money management firm to make all investment related decisions with no Director oversight.
- The Agency did not monitor investments to determine compliance with the policy's investment allocation requirements, which were not met.

### **Allocation requirements not met**

We also noted the Agency did not comply with the applicable investment policy for funds received from the Abraham Lincoln Presidential Library Foundation Public Trust (Trust) as follows:

- The money management firm utilized by the Agency was

not listed as an approved broker by the Treasurer.

**Approved broker not used to invest funds from the Library Trust**

- The Agency did not maintain an adequate segregation of duties or oversight over investment of public funds.

Further, the Agency did not post investment related information to its website, including the total monthly investment income and yield for all funds invested, and the name of the Agency's approved broker. (Finding 3, pages 18-20)

**Investment information not posted on Agency website**

We recommended the Agency comply with its estate proceeds investment policy regarding selection and oversight of the money management firm and compliance with investment allocation requirements. We further recommended the Agency develop an investment policy for funds received from the Trust or ensure compliance with the State Agency Investment Policy by ensuring an approved broker is used and proper controls are established. Lastly, we recommended the Agency timely post required investment information on its website each month.

Agency officials concurred with the recommendation.

**Agency agrees with auditors**

**INADEQUATE INTERNAL CONTROL CERTIFICATIONS AND RISK ASSESSMENTS**

The Agency did not prepare complete internal control certifications or perform adequate operational risk assessments.

**Material control weaknesses and corrective action plans not summarized and reported**

The Agency failed to identify and report material weaknesses in its system of fiscal and administrative controls and did not describe its plans and schedule for correcting the weaknesses as certified. We further noted the Agency did not perform adequate assessments of specific risks associated with its operations, including risks which are qualitative in nature and may include loss of historical artifacts on loan and historical site safety. (Finding 4, pages 21-22)

**Adequate operational risk assessments not performed**

We recommended the Agency conduct thorough, conscientious, annual evaluations of internal fiscal and administrative controls, as well as annual risk assessments of operational threats. We further recommended the Agency document the results of its annual internal control certification process and report material weaknesses and corrective action plans.

Agency officials concurred with the recommendation.

**Agency agrees with auditors**

**INADEQUATE CONTROLS OVER HISTORICAL ARTIFACTS**

The Agency failed to maintain adequate internal controls over historical artifacts.

The Agency used an electronic catalog system to track

**No independent review performed of historical artifact recordkeeping**

**Rare coins not cataloged**

historical artifacts. No independent review of items added to or removed from the system was performed. In addition, we noted approximately 500 rare coins were not cataloged in the system. The number of all historical items not cataloged could not be determined. (Finding 5, page 23)

We recommended 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.

**Agency agrees with auditors**

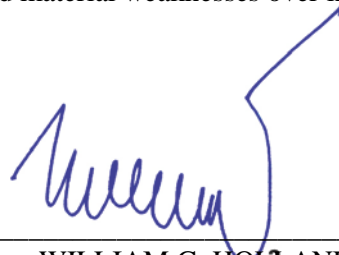
Agency management concurred, and stated they will request that the currently vacant curator position be filled to implement the recommendation.

**OTHER FINDINGS**

The remaining findings are reportedly being given attention by the Agency. We will review the Agency’s progress toward the implementation of our recommendations during our next examination.

**ACCOUNTANT’S OPINION**

The auditors conducted a State compliance examination of the Historic Preservation Agency for the two years ended June 30, 2014, as required by the Illinois State Auditing Act. The accountant’s report does not contain any scope limitations or disclaimers, but does contain a qualified opinion on compliance and material weaknesses over internal control.



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WILLIAM G. HOLLAND  
Auditor General

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**SPECIAL ASSISTANT AUDITORS**

Our Special Assistant Auditors for this examination were Crowe Horwath LLP.

**DIGEST FOOTNOTES**

**#1 -Property Control Weaknesses- Previous Department Response**

2012: We concur. The Agency will post adjustments to inventory records and will stress the importance of accurately identifying and ensuring all required inventory items, including donated items, are tagged and recorded in a timely manner.