



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

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION  
For the Two Years Ended: June 30, 2012**

**Release Date: June 27, 2013**

**Summary of Findings:**

<b>Total this audit:</b>	<b>12</b>
<b>Total last audit:</b>	<b>17</b>
<b>Repeated from last audit:</b>	<b>9</b>

**SYNOPSIS**

- Controls over the administration of State grants were not adequate.
- Donation box procedures for historical sites were not properly followed.
- The Agency did not maintain adequate controls over travel expenditures.
- The Agency did not maintain sufficient controls over the recording and identification of State-owned equipment.

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

**HISTORIC PRESERVATION AGENCY  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2012**

EXPENDITURE STATISTICS	2012	2011	2010
<b>Total Expenditures.....</b>	<b>\$20,811,890</b>	<b>\$ 20,684,598</b>	<b>\$ 20,403,402</b>
OPERATIONS TOTAL.....	\$ 9,570,010	\$ 886,182	\$ 10,573,220
% of Total Expenditures.....	46.0%	4.3%	51.8%
Personal Services.....	7,074,172	442,085	9,732,877
Other Payroll Costs (FICA, Retirement).....	768,896	254,531	838,937
All Other Operating Expenditures.....	1,726,942	189,566	1,406
AWARDS AND GRANTS / LUMP SUMS.....	\$ 11,234,410	\$ 19,051,500	\$ 9,830,182
% of Total Expenditures.....	54.0%	92.1%	48.2%
PERMANENT IMPROVEMENTS.....	\$ 7,470	\$ 26,129	\$ -
% of Total Expenditures.....	0.0%	0.1%	0.0%
REFUNDS.....	\$ -	\$ 720,787	\$ -
% of Total Expenditures.....	0.0%	3.5%	0.0%
<b>Total Receipts.....</b>	<b>\$ 4,552,434</b>	<b>\$ 4,256,540</b>	<b>\$ 8,638,672</b>
<b>Average Number of Employees.....</b>	<b>177</b>	<b>189</b>	<b>196</b>

SELECTED ACTIVITY MEASURES (Not Examined)	2012	2011	2010
<b>Visitors to Sites:</b>			
All State-owned Historical Sites.....	1,999,186	1,937,223	2,190,649
Abraham Lincoln Presidential Library.....	51,767	39,004	47,270
Abraham Lincoln Presidential Museum.....	294,959	297,109	356,009
Lincoln's New Salem.....	430,280	392,401	415,154
Cahokia Mounds.....	294,541	292,223	327,371
Lincoln's Tomb.....	285,567	293,581	299,858
Old State Capitol / Lincoln Herndon.....	150,175	144,292	182,223
Illinois Vietnam Veteran's Memorial.....	149,048	145,409	200,701
Black Hawk.....	127,745	126,683	132,085
Galena Complex.....	98,356	95,279	102,334

AGENCY DIRECTOR	
During Examination Period:	Ms. Amy Martin (effective 5/16/12) Ms. Catherine Shannon (Acting), (11/8/11 - 5/15/12) Ms. Janet Grimes (through 11/7/11)
Currently:	Ms. Amy Martin

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**NEED TO IMPROVE CONTROLS OVER GRANT  
MONITORING**

The Agency did not exercise adequate controls over its administration of State grants.

We noted the following:

**Grant agreements did not contain detailed financial budgets**

- Two of eight (25%) grant agreements tested, totaling \$42,000, did not include detailed financial budgets or other detailed information regarding the use of the grant funds.

**Monthly progress and completion reports were not provided**

- For six of eight (75%) grants tested, totaling \$100,222, the grantee failed to submit required monthly progress reports and completion reports. Three of the grantees failed to provide all required monthly progress reports, and one grantee did not provide any monthly progress reports. Two of the grantees failed to provide both quarterly and completion reports.

**State share of grant agreement increased without explanation**

- Grant agreement documentation for two of eight (25%) grants tested, totaling \$35,486 did not include an adequate explanation as to why the agreements were amended to increase the amount and percentage paid by the State. (Finding 1, pages 11-12) **This finding was first reported in 2008.**

We recommended the Agency implement controls to ensure grant agreements contain provisions necessary to properly administer State grant funds, including, at a minimum, those required by the Illinois Grant Funds Recovery Act. Further, changes in grant terms should be necessary and documented. In addition, we recommended the Agency implement controls to ensure Agency grant monitors require grantees to submit required reports timely to ensure grant funds are being expended as intended.

**Agency concurs with auditors**

Agency officials concurred with our recommendations and stated the Agency has revised its grant agreements to include all required provisions and certifications. The Agency also stated they will reinforce with staff and grantees the requirement to provide detailed budget information and documentation, including progress and completion reports, in a timely manner. Further, the Agency stated they will also review procedures for amending grant agreements to ensure that such changes are documented, justified and appropriate. (For the previous Agency response, see Digest Footnote # 1).

## **NEED TO IMPROVE CONTROLS OVER DONATIONS**

The Agency did not have adequate controls over donations received at its historic sites.

According to Agency records, 17 State historic sites maintain locked boxes designated for visitors to make donations. Each site maintains a local bank account for depositing the donated funds.

According to Agency records, the donations totaled \$390,848 and \$390,974 in FY12 and FY11, respectively. We reviewed donation procedures at five sites throughout the State and noted the following:

### **Donations were not removed and recorded daily**

- Four of five (80%) historical sites tested did not remove the cash from the donation boxes daily and record the totals as required. The staff generally collected, counted, and recorded the donation box receipts once a week.

### **Weekly deposits were not made**

- Two of five (40%) historic sites tested did not make weekly deposits as required.

### **Deposits were not made when donations totaled over \$500**

- Two of five (40%) sites tested did not make deposits when the balance of cash exceeded \$500.

### **Keys to donation boxes were not safeguarded**

- Two of five (40%) sites tested did not maintain the keys to the donation boxes in a secure location. One location maintained the key in an unlocked desk during the day. At the other location, the key was not secured and was accessible by all employees during the day and stored in an unlocked drawer at night.

### **Duties were not segregated**

- One of five (20%) historical sites tested did not maintain an adequate segregation of duties over the donation box. At a site with 4 employees during testing, the same employee recorded the donation amounts on the ledger, prepared and signed the checks, made the deposits to the local account, issued the checks to the Central Office, and performed the monthly reconciliation.

We recommended the Agency ensure all historic sites are following the Agency's requirements for donations and maintain a separation of duties when possible. (Finding 2, pages 13-14)

### **Agency concurs with auditors**

Agency officials concurred with our recommendation and stated they will review the written procedures regarding administration of donation receipts and will require staff training to ensure the procedures are understood and followed.

## **NEED TO IMPROVE CONTROLS OVER TRAVEL EXPENDITURES**

The Agency did not exercise adequate controls over its travel expenditures.

We noted the following:

### **Vouchers not timely submitted**

- Twenty-two of 58 (38%) travel vouchers tested, totaling \$5,987, were submitted from 65 to 330 days after the last day of travel.

### **Vouchers not approved by supervisor**

- Twelve of 58 (21%) travel vouchers tested were not approved by the traveler's immediate supervisor.

### **Improper reimbursements totaling \$380**

- Five of 58 (9%) travel vouchers tested contained reimbursements of travel expenses that were not in accordance with travel allowances. One traveler rented vehicles for two trips and also claimed and received reimbursement for private vehicle mileage totaling \$231. Another traveler submitted three travel vouchers with reimbursements for per diem which exceeded the allowable per diem rates by \$149.

### **Report filed late**

- The Agency submitted one of four (25%) Travel Headquarters (TA-2s) reports to the Legislative Audit Commission (LAC) nine days late. (Finding 3, pages 15-16)

We recommended the Agency ensure travel vouchers are timely submitted and approved. We also recommended the Agency ensure all travel vouchers are completed in accordance with the Illinois Administrative Code and travel regulations and seek reimbursement of any overpayment of travel expenses. Lastly, we recommended the Agency ensure the TA-2s are timely filed.

### **Agency concurs with auditors**

Agency officials concurred with our recommendations and stated they will reinforce to travelers the requirement to submit reimbursement requests timely, accurately and with all proper approvals. The Agency will also strive to submit all of the Travel Headquarter reports timely and will investigate and seek recovery as needed for reimbursements not in accordance with the travel regulations.

## **NEED TO IMPROVE CONTROLS OVER STATE-OWNED EQUIPMENT**

The Agency did not maintain sufficient controls over the recording and identification of State-owned equipment.

We noted the following:

### **Property not recorded on Agency records**

- Two of twelve (17%) equipment vouchers tested contained four items totaling \$6,535 that were not recorded on the Agency's property control records.

### **New property not timely recorded**

- Nine of 25 (36%) equipment additions tested totaling \$59,679 were recorded on the Agency's property listing from 28 to 263 days late.

### **Property not removed from Agency records timely**

- One of 25 (4%) equipment deletions tested totaling \$250 was removed from the Agency's property records 23 days late.

### **Property not tagged or recorded on the Agency's records**

- Eight of 45 (18%) equipment items observed during historical sites testing were not tagged with a property identification number. In addition, seven of the items were not recorded on the Agency's property control records. (Finding 5, pages 18-19) **This finding was first reported in 2008.**

We recommended the Agency implement controls to ensure all equipment and purchases are timely recorded and removed from the property records. In addition, we recommended the Agency ensure all equipment is tagged and inventoried.

### **Agency concurs with auditors**

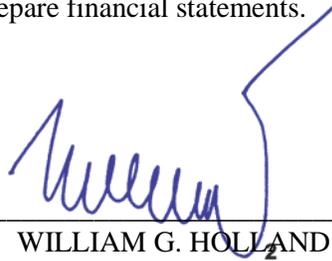
Agency officials concurred with our recommendations and stated they will post adjustments to inventory records and will stress the importance of accurately identifying and ensuring all required inventory items, including donated items, are tagged and recorded in a timely manner. (For the previous Agency response, see Digest Footnote # 2).

## **OTHER FINDINGS**

The remaining findings pertain to: 1) concession leases, 2) timesheets and leave requests, 3) performance evaluations, 4) internal control certifications, 5) Identity Protection Act, 6) petty cash funds and change funds, and 7) noncompliance with the Historic Preservation Agency Act. We will review the Agency's progress towards the implementation of our recommendations in our next engagement.

## **AUDITOR'S OPINION**

We conducted a compliance examination of the Agency as required by the Illinois State Auditing Act. We have not audited any financial statements of the Agency for the purpose of expressing an opinion because the Agency does not, nor is it required to, prepare financial statements.

A handwritten signature in blue ink, appearing to read 'William G. Holland', is written over a horizontal line. The signature is stylized and cursive.

WILLIAM G. HOLLAND  
Auditor General

WGH:PH:rt

## **AUDITORS ASSIGNED**

This examination was performed by the staff of the Office of the Auditor General.

## **DIGEST FOOTNOTES**

### **#1 - NEED TO IMPROVE CONTROLS OVER GRANT MONITORING - Previous Agency Response**

We concur. The Agency will insure all necessary provisions are included in the Agency's grant agreements and we will stress to grantees the importance of submitting accurate and timely reports.

### **# 2 - NEED TO IMPROVE CONTROLS OVER STATE-OWNED EQUIPMENT- Previous Agency Response**

We concur. The Agency will insure equipment items are properly tagged and that all reporting is completed. Obsolete equipment will be addressed as necessary.