

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

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AGENCY OFFICIALS

BOARD OF TRUSTEES

James Bruner, Chairman (through 6/30/2017)
Gary L. Hammons (through 6/30/2017)
Melinda Spitzer Johnson (through 6/30/2017)
Victoria Willer (8/22/2016 through 6/30/2017)
Jane Hay (through 6/30/2017)
Gail Shiel (through 6/30/2017)
Andrew Volpert (through 6/30/2017)
Julia S. Bachrach (through 8/21/2016)

AGENCY OFFICIALS

Director	Heidi Brown-McCreery (through 6/30/2017)
Deputy Director	Ryan Prehn (9/1/2016 - 6/30/2017) Vacant (through 8/31/2016)
Chief Legal Counsel	Josué Barba (2/1/2017 - 6/30/2017) Vacant (1/17/2017 - 1/31/2017) Thomas Carlisle (through 1/16/2017)
Chief Fiscal Officer	Ed Harmeyer (through 6/30/2017)
Chief Internal Auditor	Rita Moore (through 6/30/2017)

On March 31, 2017, the Governor of Illinois signed Executive Order 2017-01 consolidating the Historic Preservation Agency (Agency) with the Department of Natural Resources (Department) and established the Abraham Lincoln Presidential Library and Museum (ALPLM) effective July 1, 2017. As a result, the Board of Trustees and all employees terminated their positions with the Agency as of June 30, 2017. Upon cessation of the Agency, remaining employees of the Agency either transferred to the Department, transferred to the ALPLM, or terminated employment with the State of Illinois.

Executive Order 2017-01 was later superseded by Public Act 100-0120 effective August 18, 2017.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

AGENCY OFFICIALS – (Continued)

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 were staffed included:

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 Factory and Hotel Florence
Chicago, IL 60628

Fort Kaskaskia
Ellis Grove, IL 62241

Vachel Lindsay Home
Springfield, IL 62701

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

AGENCY OFFICIALS – (Continued)

Galena State Historic Sites
Galena, IL 61036

Vandalia Statehouse
Vandalia, IL 62471

Jubilee College
Brimfield, IL 61517

Historic sites and memorials maintained by the Agency which were not staffed included:

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

Purple Heart Memorial
Springfield, IL 62702

Halfway Tavern
Iuka, IL 62849

Rose Hotel
Elizabethtown, IL 62931

Hofmann Tower
Lyons, IL 60534

Shawneetown Bank
Old Shawneetown, IL 62984

IL Vietnam Veterans Memorial
Springfield, IL 62702

Sugar Loaf
Collinsville, IL 62234

Jarrot Mansion
Cahokia, IL 62206

Wild Bill Hickok Memorial
Troy Grove, IL 61372

Kaskaskia Bell Memorial
Ellis Grove, IL 62241

World War II Veterans Memorial
Springfield, IL 62702



ABRAHAM LINCOLN PRESIDENTIAL LIBRARY & MUSEUM

April 16, 2018

Borschnack, 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 those operations of the former State of Illinois, Historic Preservation Agency that were transferred to the State of Illinois, Abraham Lincoln Presidential Library and Museum pursuant to Executive order 2017-01, effective July 1, 2017. 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 State of Illinois, Historic Preservation Agency's compliance with the following assertions during the year ended June 30, 2017. Based on this evaluation, we assert that, except as identified in the Schedule of Findings as items 2017-001 through 2017-007, during the year ended June 30, 2017, the State of Illinois, Historic Preservation Agency has materially complied with the assertions below.

- A. The State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation Agency on behalf of the State or held in trust by the State of Illinois, Historic Preservation 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,

State of Illinois, Abraham Lincoln Presidential Library and Museum

SIGNED ORIGINAL ON FILE

Alan Lowe, Executive Director

SIGNED ORIGINAL ON FILE

Ed Harmeyer, Chief Fiscal Officer



Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Bruce Rauner, Governor
Wayne A. Rosenthal, Director

April 16, 2018

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 those operations of the former State of Illinois, Historic Preservation Agency that were transferred to the State of Illinois, Department of Natural Resources pursuant to Executive order 2017-01, effective July 1, 2017. 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 State of Illinois, Historic Preservation Agency's compliance with the following assertions during the year ended June 30, 2017. Based on this evaluation, we assert that, except as identified in the Schedule of Findings as items 2017-001 through 2017-007, during the year ended June 30, 2017, the State of Illinois, Historic Preservation Agency has materially complied with the assertions below.

- A. The State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation 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.



Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Bruce Rauner, Governor
Wayne A. Rosenthal, Director

- E. Money or negotiable securities or similar assets handled by the State of Illinois, Historic Preservation Agency on behalf of the State or held in trust by the State of Illinois, Historic Preservation 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,

State of Illinois, Department of Natural Resources

SIGNED ORIGINAL ON FILE

Wayne Rosenthal, Director

SIGNED ORIGINAL ON FILE

Eric Lohrenz, General Counsel/Legal

SIGNED ORIGINAL ON FILE

Doug Florence, Chief Fiscal Officer

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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	19	20
Repeated findings	18	16
Prior recommendations implemented or not repeated	2	3

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2017-001	14	Inadequate Controls Over Receipts and Refunds	Material Noncompliance and Material Weakness
2017-002	16	Property Control Weaknesses	Material Noncompliance and Material Weakness
2017-003	19	Lack of Controls Over Monthly Reconciliations	Material Noncompliance and Material Weakness
2017-004	21	Inadequate Controls Over Historical Artifacts	Material Noncompliance and Material Weakness
2017-005	23	Inadequate Controls Over Voucher Processing	Material Noncompliance and Material Weakness

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

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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	
2017-006	25	Lack of Adequate Records Management Program	Material Noncompliance and Material Weakness
2017-007	27	Inadequate Controls Over Investment of Public Funds	Material Noncompliance and Material Weakness
2017-008	30	Inadequate Controls Over Payroll and Time Reporting	Noncompliance and Significant Deficiency
2017-009	32	Inadequate Controls Over Accounts Receivable	Noncompliance and Significant Deficiency
2017-010	34	Inadequate Controls Over Cash On-hand	Noncompliance and Significant Deficiency
2017-011	36	Failure to Comply with the Illinois State Agency Historic Resources Preservation Act	Noncompliance and Significant Deficiency
2017-012	38	Lack of Ethics Training	Noncompliance and Significant Deficiency
2017-013	39	Inadequate Controls Over Travel Expenditures	Noncompliance and Significant Deficiency
2017-014	41	Inadequate Administration of the Amistad Commission	Noncompliance and Significant Deficiency
2017-015	42	Failure to Comply with the Historical Sites Listing Act	Noncompliance and Significant Deficiency
2017-016	44	Failure to Conduct Employee Performance Evaluations	Noncompliance and Significant Deficiency

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

SCHEDULE OF FINDINGS - Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE) - Continued			
2017-017	45	Failure to Develop a Formal Fraud Risk Assessment Program	Noncompliance and Significant Deficiency
2017-018	47	Failure to Comply with the State Historical Library Act	Noncompliance and Significant Deficiency
2017-019	48	Failure to Implement Identity Protection Act	Noncompliance and Significant Deficiency
PRIOR FINDINGS NOT REPEATED			
A	49	Failure to Comply with the Historic Preservation Agency Act	
B	49	Failure to Comply with the State Employee Housing Act and Internal Revenue Service Regulations	

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with personnel from the Department of Natural Resources and the Abraham Lincoln Presidential Library and Museum in an exit conference on April 2, 2018. Attending were:

Abraham Lincoln Presidential Library and Museum

Ed Harmeyer, Chief Fiscal Officer
Nicole Hildebrand, Budget Manager

Department of Natural Resources

Ryan Prehn, Chief of Parks
Brad Colantino, Chief Internal Auditor
Doug Florence, Chief Fiscal Officer
Rebecca Wilson, GAAP Coordinator

Office of the Auditor General

Lisa Kaigh, Audit Manager
Courtney Dzierwa, Audit Manager

Borschnack, Pelletier & Co.

Paul Pelletier, Partner
Brian Creek, Manager

The responses to the recommendations were provided by Ed Harmeyer and Rebecca Wilson in correspondences dated April 16, 2018.

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

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Historic Preservation Agency's 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 year ended June 30, 2017. The management of the State of Illinois, Historic Preservation Agency is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Historic Preservation Agency's compliance based on our examination.

- A. The State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation Agency on behalf of the State or held in trust by the State of Illinois, Historic Preservation 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 (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the State of Illinois, Historic Preservation Agency complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Historic Preservation Agency complied with the specified requirements listed above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Historic Preservation Agency's compliance with specified requirements.

As described in items 2017-001 through 2017-007 in the accompanying schedule of findings, the State of Illinois, Historic Preservation Agency did not comply with requirements regarding: assertion C for items 2017-001 through 2017-007, assertion D for items 2017-001, 2017-003, and 2017-007, and assertion E for items 2017-001 and 2017-007. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation Agency complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2017. 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 2017-008 through 2017-019.

The State of Illinois, Historic Preservation Agency's responses to the findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Historic Preservation Agency's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation 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 State of Illinois, Historic Preservation Agency's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Historic Preservation 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 2017-001 through 2017-007 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 2017-008 through 2017-019 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 State of Illinois, Historic Preservation Agency's responses to the internal control findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Historic Preservation Agency's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 1 through 5 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, 2017 accompanying supplementary information in Schedules 1 through 5. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2016 accompanying supplementary information in Schedules 2 through 5 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Borschneck, Pelletier & Co.

Kankakee, Illinois
April 16, 2018

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-001 FINDING: Inadequate Controls Over Receipts and Refunds

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

During testing, the accountants requested the Agency provide the population of cash receipts received by the Agency during Fiscal Year 2017 in order to test compliance applicable to those receipts. In response to our request, the Agency provided a listing of cash receipts during Fiscal Year 2017. The accountants noted the following problems with the Agency's population:

- The initial population provided did not include the cash receipts for the final week of June 2017. The accountants requested the Agency update the population to include all cash receipts through the end of the examination period. The Agency subsequently provided an updated population that included the remaining cash receipts for the historic sites but did not include any additional receipts for the Abraham Lincoln Presidential Library and Museum. Additional requests for the remaining receipts of the Abraham Lincoln Presidential Library and Museum went unanswered by the Agency and no additional deposits of cash receipts were made by the Abraham Lincoln Library and Museum to the State Treasury held accounts of the Agency. The accountants concluded that the population of cash receipts provided to the accountants was not complete.
- The Agency was unable to provide sufficient documentation for the accountants to conclude the Agency's records were sufficiently accurate.

Due to these conditions, the accountants were unable to conclude the Agency's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Agency's compliance relative to cash receipts.

Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, the accountants selected a sample and performed testing.

As of June 30, 2017, the Agency recorded cash receipts of \$3.6 million and refunds of \$12 thousand. 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. In addition, we noted some historic sites do not have a segregation of duties for cash donations received. Due to minimal staffing at some sites, the same person may receive, record, and deposit the cash donations.
- 58 of 60 (97%) RDTs tested, totaling \$333,132, were not independently reviewed and approved before transmission to the Illinois Office of the Comptroller (IOC).
- 29 of 60 (48%) RDTs tested, totaling \$43,425, did not include any documentation to support the source or accuracy of the date the receipt was received. Therefore, accuracy of recording and timeliness of the deposit could not be determined.
- 2 of 2 (100%) refunds tested, totaling \$10,920, did not include supporting documentation for the refunds. Therefore, accuracy of recording and timeliness of the deposit could not be determined.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-001 FINDING: Inadequate Controls Over Receipts and Refunds (Continued)

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 and revenues are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State's resources. 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 payer, purpose and amount, and the date and manner of disbursement.

In the previous engagement and the current engagement, 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 IOC. (Finding Code No. 2017-001, 2016-002, 2014-002)

RECOMMENDATION:

We recommend the Agency, or its successor, 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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and recommendation. The ALPLM will work with the ERP team to ensure that proper segregation of duties will exist moving forward.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has established proper segregation of duties over the receipts process and maintains accurate documentation to support receipt and refund activities.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-002 FINDING: Property Control Weaknesses

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

During our testing, the accountants requested the Agency provide various populations related to the Agency's equipment. The Agency provided its detailed list of equipment owned by the Agency. The accountants noted the following problems relative to the Agency's populations:

- The Agency was unable to provide a detailed population of additions for Fiscal Year 2017 or any support for amounts reported as additions on the Agency Reports of State Property (Form C-15) submitted to the Illinois Office of the Comptroller (IOC). As a result, the accountants were unable to test the Agency's compliance relative to equipment additions.
- The Agency was unable to provide a copy of its annual certification of inventory and discrepancy report that it submitted to the Department of Central Management Services (Department). As a result, the accountants were unable to test the Agency's compliance relative to its annual inventory certification.
- The Agency did provide a population of deletions during Fiscal Year 2017, however the listing did not identify the date of the deletion, the manner in which the asset was disposed, or any supporting documentation relative to the deletion. As a result, the accountants were unable to test the Agency's compliance relative to equipment deletions.

Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, the accountants performed the following tests and noted:

- We selected 40 items of equipment from the Agency's detailed list of equipment and requested to physically examine the items. We noted 1 (3%) item (a tool shed) with a recorded value totaling \$3,082 at the Bryant Cottage location did not have a State tag number attached. We also noted 1 (3%) item (a lawn mower) with a total cost of \$379 that could not be located by the Agency.

The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.210) requires all agencies to mark each piece of State-owned equipment in their possession with a unique identification number. The State Property Control 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 to ensure proper accounting and safeguarding of assets.

Agency officials indicated the State tag likely fell off the shed. The lawn mower had been stolen and therefore should have been removed from the property control records; however, a formal police report was not obtained.

- We selected 40 items of equipment from various sites which were visited to verify they were included on the Agency's property control records. We noted 2 (5%) items (1 television and 1 water heater) were not listed on the Agency's detailed list of equipment. We also noted 1 (3%) item (an international tractor) with a recorded value of \$2,344 had a different tag number than the tag number listed on the Agency's detailed list of equipment.

The Code (44 Ill. Adm. Code 5010.230) requires the unique identification number that is marked on each piece of State-owned equipment in their possession to be recorded on inventory records.

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HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-002 FINDING: Property Control Weaknesses (Continued)

Agency officials stated the staff performing the annual inventory failed to add or correct certain items in the detailed list of equipment due to staff shortages and human error.

- We tested all the Form C-15s submitted to the IOC for Fiscal Year 2017. Errors noted on Forms C-15 were as follows:
 - The Agency was unable to provide a detailed list of additions for Fiscal Year 2017. The Agency only reported \$13,602 of additions on Form C-15s for Fiscal Year 2017. The accountants were unable to trace any recordable equipment purchases from its testing of equipment and permanent improvement vouchers to the Agency's detailed list of equipment. In addition, the Agency was unable to reconcile equipment expenditures noted on the IOC's Object Expense/Expenditures by Quarter Report (SA02) for the 12 months during Fiscal Year 2017 with the amount of additions reported on the Form C-15s. The accountants also noted a camera, totaling \$86,965, purchased for the Abraham Lincoln Presidential Library in November of 2016 from the Agency's locally held fund was not recorded on the Agency's detailed list of equipment.
 - Total property value reported on the Form C-15 exceeded the Agency's detailed list of equipment by \$6,967 at June 30, 2017.
 - The beginning balance on the September 30, 2016 Form C-15 did not agree to the ending balance from the prior report. The amount reported was \$4,215 more than the amount previously reported. The Agency could not explain why it had changed the beginning balance.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.10.10) requires the Agency to maintain supporting detailed records for the assets reported on Form C-15. 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. The 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) also requires the Agency to report the previous quarter's "Amount Per Agency Records" as the "Beginning Balance" on the Form C-15.

In the previous engagement, Agency officials stated the issues were due to oversight and human error when preparing Form C-15s. In the current engagement, Agency officials stated the issues noted above and the lack of documentation were due to oversight and human error when updating the detailed list of equipment and preparing Form C-15s.

- The Agency was unable to provide support for its annual certification of inventory to the Department.

The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.460) requires when an agency completes its annual physical inventory, the agency head or his designee shall complete and sign the "Certification of Inventory" and "Discrepancy Report" and forward the completed certificate, with a complete inventory listing to the Property Control Division.

Agency officials stated the lack of documentation was due to oversight and human error when preparing the certification and property report.

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For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-002 FINDING: Property Control Weaknesses (Continued)

Due to these conditions, the accountants were unable to conclude whether the Agency's records were sufficiently precise and complete under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Agency's compliance relative to State property. In addition, due to these limitations, the accountants were unable to conclude the Agency's Schedule of Changes in State Property on page 58 was complete and appropriately reported.

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. 2017-002, 2016-003, 2014-001, 12-5, 10-4, 08-14)

RECOMMENDATION:

We recommend the Agency, or its successor, 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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and recommendation. The ALPLM is working to strengthen its control over property and equipment. The Agency is working within the ERP system to establish a proper inventory baseline, produce proper documentation concerning property additions and deletions, and is changing its inventory control tags to log existing inventory into the system.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has procedures in place to ensure all equipment transactions are recorded timely and accurately and retains all documentation. A supervisory review process is in place to ensure clerical, technical and other errors are promptly detected and corrected.

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**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-003 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 \$17.2 million from six funds in Fiscal Year 2017. The Agency collected \$3.6 million into three funds in Fiscal Year 2017. During our testing of Fiscal Years 2017 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 for one of four (25%) months tested during the examination period. The accountants reconciled the June 30, 2017 SB04 report for the Fiscal Year and the Agency's records and noted several reconciling items. See Schedule 5 of this report. The Agency was unable to explain what the differences were or why some differences had not been corrected in the Agency's records.

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.

- For four of four (100%) Monthly Appropriation Status Report (SB01) reconciliations tested, the Agency was unable to provide evidence that reconciliations had been performed. Because documentation of these reconciliations was not maintained, we were unable to determine if reconciliations were completed timely, were in accordance with regulations, if an independent review was performed, or if differences noted on the reconciliations were corrected in the Agency's records.

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. In addition, the State Records Act (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.

- For four of four (100%) Monthly Cash Report (SB05) reconciliations tested, the Agency was unable to provide evidence that reconciliations had been performed. Because documentation of these reconciliations was not maintained, we were unable to determine if reconciliations were completed timely, were in accordance with regulations, if an independent review was performed, or if differences noted on the reconciliations were corrected in the Agency's records.

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. In addition, the 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.

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.

In the previous engagement, 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

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**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-003 FINDING: Lack of Controls Over Monthly Reconciliations (Continued)

and the complexity of making corrections in the accounting system, the Agency generally did not correct its records. In the current engagement, Agency officials stated the issues continued due to staffing shortages and the complexity of making corrections, along with the Agency's conversion to the new ERP system.

Failure to timely prepare, review, and document 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. 2017-003, 2016-001, 2014-007)

RECOMMENDATION:

We recommend the Agency, or its successor, 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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. While the finding is correct, all agencies using the ERP system are unable to perform the reconciliations cited in the finding. The ALPLM has submitted help tickets and is actively seeking a resolution to the reconciliation issues.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department reconciles appropriations, cash receipts and cash balances monthly. The reconciliations are performed and reviewed promptly and corrections are made to Department records when necessary.

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

2017-004 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 57 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 approximately 40,000 items. The accountants requested the Agency provide the population of historical artifacts for 5 historical sites. The accountants noted the following:

- 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 5 different historical sites and noted 3 (8%) artifacts on display at the site which could not be located on the Agency's artifact inventory.
- We selected and tested 40 artifacts from the Agency's artifact inventory for the 5 historical sites and noted 6 (15%) artifacts from the Agency's artifact inventory that could not be located for observation. We also noted 4 (10%) artifacts did not have an inventory tag number attached or in the vicinity of the item.

Due to the conditions noted above, the accountants were unable to conclude the Agency's population records of historical artifacts were sufficiently precise and complete under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Agency's compliance relative to historical artifacts.

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.

In the previous engagement and the current engagement, Agency officials stated that it was unable to correct the issues noted due to staffing vacancies.

Failure to maintain a complete and accurate inventory of artifacts could result in an artifact's disappearance going unnoticed. (Finding Code No. 2017-004, 2016-004, 2014-005)

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**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-004 **FINDING:** Inadequate Controls Over Historical Artifacts (Continued)

RECOMMENDATION:

We recommend the Agency, or its successor, 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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the recommendation. While the ALPLM was not specifically cited as part of this finding, the Agency agrees with the need to comply with the State Property Control Act and following good internal controls.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has maintained the electronic catalog system that was used at the former Historic Preservation Agency and an inventory of historical artifacts is done annually. The Department is currently pursuing a curator position at the Illinois State Museum to oversee the historical artifacts.

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For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-005 FINDING: Inadequate Controls Over Voucher Processing

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

During our examination, we tested 142 vouchers for expenditures, totaling \$481,483, and noted the following:

- 95 (67%), totaling \$224,605, were approved more than 30 days after receipt of a proper bill. These vouchers were approved for payment from 4 to 692 days late.
- 4 (3%) vouchers, totaling \$3,266, were charged to an incorrect detail object code.
- 34 (24%) vouchers, totaling \$89,552, where the Agency failed to process an additional voucher to pay the vendor required interest, totaling \$1,767. We also noted the Agency did not voucher any required interest payments for Fiscal Year 2017 as of end of field work, February 21, 2018. We also noted the Agency had not processed any vouchers to pay the required interest payments still due for Fiscal Years 2016 and 2015 during Fiscal Year 2017.
- 3 (2%) vouchers, totaling \$54,635, where the Agency processed the payment to the vendor without obtaining a detailed invoice from the vendor.
- 4 (3%) vouchers, totaling \$145,512, where the Agency was unable to locate the voucher and supporting documentation.
- 1 (1%) voucher, totaling \$373, included no evidence that it had been approved by the agency head or her designee.
- 33 (23%) vouchers, totaling \$98,344, were not approved by the receiving officer and/or the proper unit head.

In addition, we noted the Agency's Director provided signature authority for approving vouchers to a lower level staff member who was also directly involved in the processing function of vendor invoices. This created a lack of segregation of duties as this individual was able to both process and approve vouchers at times during Fiscal Year 2017.

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) requires a State Agency to pay an invoice within 90 days after receiving a proper 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 (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

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**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-005 FINDING: Inadequate Controls Over Voucher Processing (Continued)

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.

In the previous engagement and the current engagement, Agency officials stated the 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, fraud, 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. 2017-005, 2016-006)

RECOMMENDATION:

We recommend the Agency, or its successor, 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 revoke signature authority from the accounting personnel who is involved in the processing of vendor invoices.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. While staff shortages persist, procedures are being developed to improve internal voucher processing and the State's ERP team is working on mitigation procedures to compensate for small unit difficulties in maintaining adequate separation of duties.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has procedures in place to ensure vouchers are thoroughly reviewed to detect and correct errors and to comply with SAMS and statutory requirements.

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**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-006 **FINDING:** Lack of Adequate Records Management Program

The Historic Preservation Agency (Agency) failed to maintain an adequate records management program.

During our testing of the Agency's records management activities, we noted the following:

- The Agency did not maintain an adequate records management program and/or records management documentation. A prior examination of the Agency stated that the documentation maintained by the Agency indicated records were maintained 15 to 50 years in excess of the period needed or certified with the Secretary of State. The Agency informed us that no changes had been made during the current examination period.
- The Agency maintained records in an area susceptible to loss due to possible flooding.
- The Agency was unable to provide documents, reports, and/or supporting documentation for various reports prepared during Fiscal Year 2017. See Findings 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2017-007, 2017-008, 2017-009, and 2017-013.

The State Records Act (Act) (5 ILCS 160/9) requires the head of each Agency to establish and maintain an active continuing program for the economical and efficient management of the records of the Agency. In addition, the Illinois Administrative Code (44 Ill Adm. Code 4400.25) states, "If the Agency's approved Record Retention Schedule authorized the destruction of records stored in the Agency's own offices, the State Records Disposal Certificate shall be completed and approved by the Chairman of the Commission prior to the physical destruction of the Agency's files." Furthermore, the Act (5 ILCS 160/15a) requires agencies to establish a system for the protection and preservation of essential State records from events arising from natural disasters.

In the previous engagement, Agency officials stated the records being maintained in excess of the period needed was due to lack of staff to manage the recordkeeping process. The storing of records in an area susceptible to loss was due to lack of resources to address the storage issue. In the current engagement, Agency officials stated the records being maintained in excess of the period needed was due to lack of staff to manage the recordkeeping process and the Agency did not think it would be prudent to dispose of records prior to the merging with the Department of Natural Resources. The storing of records in an area susceptible to loss continued due to lack of resources to address the storage issue since the last examination.

Failure to maintain an adequate records management program is noncompliance with State statute and could lead to the Agency being unable to determine the records it maintains. In addition, maintaining excessive records may subject the Agency to unnecessary liabilities. Also, failure to appropriately safeguard records could lead to loss due to unexpected circumstances. (Finding Code No. 2017-006)

RECOMMENDATION:

We recommend the Agency, or its successor, establish an adequate program for the economical and efficient management of records. We recommend the Agency follow guidelines established by the Secretary of State in regards to the retention of records. In addition, we recommend the Agency maintain records in an area safeguarded against loss from natural disasters.

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CURRENT YEAR FINDINGS
(STATE COMPLIANCE)

2017-006 **FINDING:** Lack of Adequate Records Management Program (Continued)

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. The ALPLM has appointed a records retention officer, created in concert with the Secretary of State a new records schedule, and all records have been relocated to clean and safe areas that are not prone to flooding to insure their security.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department currently follows the guidelines established by the Secretary of State regarding the retention of records.

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**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-007 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, Korean Memorial contributions, and Purple Heart Memorial contributions. As of June 30, 2017, the fair value of balances in the locally held fund were \$3,066,641.

During our testing, we noted the Agency had implemented an investment policy, in previous years, related to the investment of the estate proceeds. 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, 2017, 78% of funds were invested in mutual funds. The underlying holdings of the mutual funds consisted of between 62% and 97% equity investments as of June 30, 2017.

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 a 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.

In the previous engagement, Agency officials stated they did not address any of these issues due to significant turnover of Agency management. In the current engagement, Agency officials stated they did not address any of these issues due to a lack of staffing resources.

We noted the Agency did not implement an investment policy related to the investment of funds received for the Korean Memorial or the Purple Heart 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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**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-007 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 engagement, 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. In the current engagement, Agency officials stated they have not addressed the policy issues since the prior examination due to a lack of staffing resources and the pending merger and split of the Agency.

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.

In the previous engagement, Agency officials stated the missing information through June 30, 2015 was due to oversight of report content and ceased due to employee turnover. In the current engagement, Agency officials stated the information has not been posted due to a lack of staffing resources.

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. 2017-007, 2016-005, 2014-003)

RECOMMENDATION:

We recommend the Agency, or its successor, 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

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2017-007 FINDING: Inadequate Controls Over Investment of Public Funds (Continued)

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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

Regarding the King Hostick Public Trust Fund, the ALPLM agrees with the finding and the recommendation. The ALPLM has chosen a money management firm and established an investment policy. The necessary information is being posted to the ALPLM website as required.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department will work on developing an investment policy and on developing procedures for posting the required information on its website each month.

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**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-008 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:

- In Fiscal Year 2017, the State authorized *Merit Compensation Bonus Payments for Non-Bargaining Unit Employees for Fiscal Year 2016 Performance*. The Agency paid bonus payments to 15 employees, totaling \$40,465. We tested the bonus payments to 5 employees, totaling \$11,310, and noted the Agency was unable to provide the documentation necessary to substantiate eligibility, as described below, for any of the employees.

The memorandum issued by the Department of Central Management Services (DCMS) relative to the *Merit Compensation Bonus Payments for Non-Bargaining Unit Employees for Fiscal Year 2016 Performance* states bonus awards must be based on specific achievements and agencies should create and preserve documentation providing the justification for all bonuses. It further states performance bonuses shall be awarded to eligible non-bargaining unit employees who receive an overall performance rating of Exceptional during Fiscal Year 2016 on the employee's official CMS-201MC form. Supervisors of non-bargaining unit personnel must ensure that they have completed an evaluation of their direct reports during Fiscal Year 2016, as this evaluation will provide the basis for issuance of the bonus.

- For 10 of 22 (45%) payroll vouchers tested, the Agency could not provide evidence of the payroll entries having been posted in the Agency's accounting records.

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 ensure expenditures are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports.

- 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 State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-5) requires State agencies to adopt personnel policies requiring employees to submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

In the previous engagement, Agency officials stated the lack of a written policy was due to oversight. In the current engagement, Agency officials stated the processing of bonus payments without the proper performance appraisals was an oversight by management. The failure to record the payroll entries was due to the lack of integration between the Illinois Office of the Comptroller's Central Payroll System and the new ERP Accounting System, and the lack of policies was due to staffing shortages.

Failure to properly document employee eligibility for merit compensation bonus payments reflects a lack of accountability on the behalf of the Agency and possible loss of State funds. Failure to record payroll expenditures in the Agency's accounting records may result in inaccurate financial reporting. Failure to adopt a policy requiring the reporting of time spent on State business to the nearest quarter hour is a

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**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-008 **FINDING:** Inadequate Controls Over Payroll and Time Reporting (Continued)

violation of State law and may result in over/under payments to hourly employees. (Finding Code No. 2017-008, 2016-010)

RECOMMENDATION:

We recommend the Agency, or its successor, maintain appropriate documentation supporting the decisions and activities of the Agency and determine if any merit compensation bonus payments were made to ineligible employees. Furthermore, we recommend the Agency record its payroll transactions in its accounting records and adopt a policy to ensure time reporting is maintained in accordance with the Act.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. The ALPLM is aware that IHPA did not maintain the documents required by the DCMS memorandum when it did not maintain employee performance evaluations. The ALPLM is in the process of ensuring all Merit Compensation employee evaluation are complete, accurate, and maintained in the personnel files. If another Merit Compensation Bonus Payment for Non-Bargaining Unit Employees is authorized, the ALPLM will ensure the program is completed in compliance with any guidelines and/or directives.

The ALPLM is aware that the IHPA Employee Handbook did not require employee to report time spent on official State business. The ALPLM is currently working on a new employee handbook which will include this policy. Additionally, on September 1, 2017, all ALPLM employees were sent an email containing the following: "As a reminder, every state employee and contractor is expected to keep timesheets in compliance with the State Official and Employees Ethics Act, which requires 'State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.'"

Department of Natural Resources (Department)

The Department agrees with the finding. The Department maintains appropriate documentation supporting the decisions and activities of the Department and all payroll transactions are recorded in the accounting records. The Department has a policy to ensure time reporting is maintained in accordance with the State Officials and Employee Ethics Act.

**STATE OF ILLINOIS
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**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-009 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 \$155,154 in Fiscal Year 2017. No receivables related to real property rental agreements were reported in the GAAP Reporting Packages submitted to the IOC for the Fiscal Year ended June 30, 2017. 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 \$1,898,000 as of June 30, 2017.
- On its December 31, 2016 and June 30, 2017 Form C-97s filed with the IOC, the Agency reported \$5 thousand and \$7 thousand for parking revenue receivables for Fund 776 and \$13 thousand and \$15 thousand for Fund 538. However, the Agency did not maintain supporting documentation for the amounts reported, therefore, the actual parking revenue receivable could not be determined at June 30, 2017.

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.

In the previous engagement, 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. In the current engagement, Agency officials stated the failure to track, record, and report accounts receivable was due to staffing shortages.

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. 2017-009, 2016-016, 2014-011)

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

2017-009 **FINDING:** Inadequate Controls Over Accounts Receivable (Continued)

RECOMMENDATION:

We recommend the Agency, or its successor, 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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. The ALPLM is addressing the issue of documentation for the C-97s. It is our intent to correct the documentation issue through a procedural change, and to improve communication between Legal and Fiscal.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has procedures in place for accounts receivable and managing the recording and reporting of those receivables. The Department is currently in the process of reviewing the procedures in conjunction with the implementation of a new state-wide accounting system.

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

2017-010 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, 2017. 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 Year 2017, the Agency administered 20 petty cash funds, 8 change funds, and 18 clearing accounts. 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, 2017 could not be determined due to the Agency not performing monthly Revenue Status Report reconciliations (See Finding 2017-003). Petty cash and change funds were established at dollar levels totaling \$19,200 as of June 30, 2017. As of June 30, 2017, \$36,789 remained in the clearing accounts plus deposits in transit of \$9,215. These amounts were not included in the Agency's GAAP Reports. Below is a summary of amounts (in thousands) the accountants believe should have been reported vs. the amounts that were reported by the Agency:

	<u>Fund 0538</u>	<u>Fund 0776</u>	
Cash held by State Treasurer	\$ 365	\$ 393	
Petty cash accounts	12	1	
Change fund accounts	-	6	
Clearing accounts	36	1	
Deposits in transit	9	-	* Unknown
Total	<u>422</u>	<u>401</u>	
Amount reported by Agency	<u>364</u>	<u>404</u>	
Difference	<u>\$ 58</u>	<u>\$ (3)</u>	

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.

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

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**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-010 **FINDING:** Inadequate Controls Over Cash On-hand (Continued)

Agency. In the current engagement, Agency officials stated this issue has continued due to staffing shortages 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. 2017-010, 2016-019, 2014-012)

RECOMMENDATION:

We recommend the Agency, or its successor, 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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. The ALPLM is in the process of clarifying GAAP reporting needs with its contractor. The ALPLM is also seeking reporting changes in the State's ERP through help desk tickets, weekly interagency "CFO meetings" teleconferences and interagency-created user groups, to address various reporting weaknesses.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has procedures in place to determine cash on-hand and report all cash on-hand to the IOC in the annual GAAP packages.

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**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-011 **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. The most recently prepared annual report pertained to Fiscal Year 2016. The Fiscal Year 2016 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 Governor's offices in the Capitol in Springfield and the James R. Thompson Center in Chicago, and the Hayes House in DuQuoin. 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 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 relative to the Executive Mansion in Springfield and an inventory of the furnishing and artifacts at the Executive Mansion in Springfield; however, the Agency could not provide any evidence the duties applicable to the other three locations were performed.
- The Agency did not maintain a Mediation Committee during Fiscal Year 2017. 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."

In the previous engagement and the current engagement, Agency officials stated that the 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. All legislative remedies were put on hold due to the pending merger with the Department of Natural Resources.

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**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-011 **FINDING:** Failure to Comply with the Illinois State Agency Historic Resources Preservation Act (Continued)

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 include required information in its 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. (Finding Code No. 2017-011, 2016-007)

RECOMMENDATION:

We recommend the Agency, or its successor, comply with the Illinois State Agency Historic Resources Preservation Act regarding the 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 Hays House.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

This finding does not apply to the ALPLM.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department will review the Illinois State Agency Historic Preservation Act and its duties related to the preservation and conservation of historic resources to determine a course of action to comply with the Illinois State Agency Historic Resources Preservation Act.

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**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-012 FINDING: Lack of Ethics Training

The Historic Preservation Agency (Agency) did not provide required ethics training in accordance with the State Officials and Employees Ethics Act (Act).

We tested 7 employees hired during the examination period and noted that 4 of the 7 (57%) employees did not receive their initial ethics training within 30 days of employment. In addition, we tested 18 employees hired in previous fiscal years and noted the Agency was unable to provide evidence of annual ethics training completed within Fiscal Year 2017 for 3 of the 18 (17%) employees tested.

The 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.”

In the previous engagement, Agency officials stated the issues were due to staffing shortages limiting the Agency’s ability to ensure employees received appropriate training. In the current engagement, Agency officials stated the issues were due to staffing shortages and turnover of the Legal Counsel, who also serves as the Ethics Officer, 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 ethics and could expose the State to legal and financial risks. (Finding Code No. 2017-012, 2016-011, 2014-014)

RECOMMENDATION:

We recommend the Agency, or its successor, implement training measures and procedures to ensure all Agency employees receive training as required by the Act.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and recommendation. As part of the on-boarding process, the ALPLM is ensuring all new employees receive Ethics Training as part of their new hire packets. Additionally, a copy of the training certification is provided to the Ethics Officer to verify the 30-day requirement was met and the ethics training files are being maintained in a central location. This process will be memorialized in the ALPLM Employee Handbook.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has training measures and procedures to ensure all employees receive training as required by the State Officials and Employees Ethics Act.

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**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-013 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 23 (4%) travel vouchers tested, totaling \$481, was not supported by proper receipts. The travel voucher included charges for a hotel stay, totaling \$322, train fares, totaling \$42, and three taxi fares, totaling \$41, which exceeded \$10 each for which there were 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.
- 3 of 23 (13%) travel vouchers tested, totaling \$1,115, were 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.
- 3 of 23 (13%) travel vouchers tested, totaling \$479, were submitted between 121 and 468 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.
- 3 of 23 (13%) travel vouchers tested, totaling \$185, where the per diem/meal allowance reimbursement was not calculated correctly. In two cases, the employee was paid a fraction of the daily per diem rate when the employee was not in travel status overnight or for 18 continuous hours. In the third case, per diem and meal allowance were mixed on the same trip. In these cases, one employee was underpaid \$3 and two employees were overpaid by \$3 and \$4. The Code (80 Ill. Adm. Code 3000.500) states per diem shall be paid for travel which includes overnight lodging or is 18 or more continuous hours. Per diem shall be based on the Quarter System for computing the allowance for days or fractions thereof. Meal allowance and per diem may not be mixed on the same trip. The Code (80 Ill. Adm. Code 3000.510) states meal allowances are given when a traveler is not eligible to receive per diem.
- The Agency failed to submit one of two (50%) 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 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.
- 1 of 12 (8%) travel vouchers, totaling \$594, requested for testing of specific employees could not be located by the Agency. 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.

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**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-013 FINDING: Inadequate Controls Over Travel Expenditures (Continued)

In the previous engagement, Agency management stated that the noted issues were due to clerical errors and employee turnover. In the current engagement, Agency management stated that the noted issues were due to clerical errors, lack of training for employees reviewing travel vouchers, and a lack of staffing resources.

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. Failure to file required reports is noncompliance with State statutes. (Finding Code No. 2017-013, 2016-012, 2014-010, 12-3)

RECOMMENDATION:

We recommend the Agency, or its successor, 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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. Regarding the failure to submit one (1) TA-2 report and the inability to locate one (1) travel voucher, the Agency attributes this to the physical move which occurred just prior to the close of the fiscal year.

The ALPLM is implementing a travel control policy to specifically address approval signatures and timely submissions of travel vouchers, and implement a review process to improve travel voucher accuracy.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has procedures to ensure travel vouchers are timely submitted and approved and are completed in accordance with the Code and travel regulations.

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**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-014 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 any of the four (100%) quarters of Fiscal Year 2017 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.

In the previous engagement, 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. In the current engagement, Agency officials indicated that the Commission had significantly completed its statutory purpose and Public Act 99-0524 did not include 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. (Finding Code No. 2017-014, 2016-009, 2014-017, 12-12, 10-13, 10-16)

RECOMMENDATION:

We recommend the Agency, or its successor, 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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The finding does not apply to the ALPLM.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department will review the provisions in the Historic Preservation Act regarding the Amistad Commission (Commission) and its duties related to the Commission to determine a course of action to comply with the provisions or seek legislative remedy.

**STATE OF ILLINOIS
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**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-015 **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 Department of Transportation (Department) Division of Highways and any other interested public or private agency, place and maintain all markers at State historic sites registered under this Act.

In the previous engagement, Agency management indicated a formal agreement was not pursued with the Society due to staff turnover. In the current engagement, Agency management indicated a formal agreement was not pursued with the Society due to the pending merger with the Department of Natural Resources.

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 Department 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 the Agency. (Finding Code No. 2017-015, 2016-014, 2014-018)

RECOMMENDATION:

We recommend the Agency, or its successor, 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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The finding does not apply to the ALPLM.

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**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-015 **FINDING:** Failure to Comply with the Historical Sites Listing Act (Continued)

Department of Natural Resources (Department)

The Department agrees with the finding. The Department will review the Historical Sites Listing Act and its duties and responsibilities related to the Historical Sites Listing to determine a course of action to comply with the Historical Sites Listing Act.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-016 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 3 of 27 (11%) employees selected for testing. These employees did not have a performance evaluation on file for the Fiscal Year 2017.

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.

In the previous engagement, 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. In the current engagement, Agency officials stated a lack of management level staff 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. 2017-016, 2016-017, 2014-013, 12-7, 10-8, 08-12)

RECOMMENDATION:

We recommend the Agency, or its successor, complete employee performance evaluations in accordance with the Code and Agency policy.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. The ALPLM has developed internal procedures to ensure timely employee evaluations.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has established policies and procedures in place to ensure employee performance evaluations are completed in accordance with the Code and Agency policy.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-017 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 \$17.2 million in Fiscal Year 2017. 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 to 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.

In the previous engagement, 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. In the current engagement, Agency management stated that due to staffing shortages and the pending merger of the Agency with the Department of Natural Resources, a formal fraud risk assessment program was not developed during Fiscal Year 2017.

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. 2017-017, 2016-013, 2014-009)

RECOMMENDATION:

We recommend the Agency, or its successor, 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.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. While staff shortages continue, the ALPLM will work to develop a formal fraud risk assessment program.

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY

COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017

CURRENT YEAR FINDINGS
(STATE COMPLIANCE)

2017-017 **FINDING:** Failure to Develop a Formal Fraud Risk Assessment
Program (Continued)

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has a fraud risk assessment program in place in conjunction with an annual certification of internal control risk.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-018 **FINDING:** Failure to Comply with the State Historical Library Act

The Historic Preservation Agency (Agency) did not 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 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 \$36,858 for copies in Fiscal Year 2017.

The Act (20 ILCS 3425/5.1) states 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.

In the previous engagement, Agency officials stated the issues related to the fees charged for printing were due to the lack of a reasonable means to track the costs for each print project. In the current engagement, Agency officials stated the issues relating to 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.

By not charging the proper fees to microphotograph prints, the Agency's related program costs may not be fully recovered. (Finding Code No. 2017-018, 2016-015, 2014-019)

RECOMMENDATION:

We recommend the Agency, or its successor, implement policies and procedures for assessing print fees based upon the cost incurred to supply the print.

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. The ALPLM is exploring abilities within the ERP system to segregate expenses associated with the newspaper records program and adjust the fees charged as needed.

Department of Natural Resources (DNR)

The issue in the finding does not pertain to the Department.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**CURRENT YEAR FINDINGS
(STATE COMPLIANCE)**

2017-019 **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.

In the previous engagement and the current engagement, Agency officials stated the implementation has been hindered by Agency turnover and lack of resources to draft and implement a policy. In addition, the Agency delayed the implementation once it learned of the pending merger with the Department of Natural Resources.

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. 2017-019, 2016-018, 2014-15, 12-9)

RECOMMENDATION:

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

RESPONSES:

Abraham Lincoln Presidential Library and Museum (ALPLM)

The ALPLM agrees with the finding and the recommendation. The ALPLM is currently drafting an identity protection policy.

Department of Natural Resources (Department)

The Department agrees with the finding. The Department has an identity protection policy in place as required by the Identity Protection Act.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

PRIOR FINDINGS NOT REPEATED

A. FINDING: Failure to Comply with the Historic Preservation Agency Act

During the prior examination, the Historic Preservation Agency (Agency) did not comply with provisions of the Historic Preservation Agency Act (Act) by failing to appoint individuals to serve as the Library Facilities Operations Director and the Internal Auditor. Due to the vacancy in the Internal Auditor position, the Agency also did not comply with the Fiscal Control and Internal Auditing Act.

During the current examination, the Agency had individuals serving in both positions, and the Internal Auditor complied with the Fiscal Control and Internal Auditing Act by performing internal audits. (Finding Code No. 2016-08, 2014-016, 12-11)

B. FINDING: Failure to Comply with the State Employee Housing Act and Internal Revenue Service Regulations

During the prior examination, the Agency did not comply with the State Employee Housing Act and Internal Revenue Service (IRS) regulations by not having an application form for State-owned housing and by not properly handling the value of employer provided housing under IRS regulations.

During the current examination period, the Agency developed an application form for State-owned housing and updated housing agreements and policies to comply with IRS regulations. (Finding Code No. 2016-20)

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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 2017
 - 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 Operations (Not Examined):
 - Agency Functions and Planning Program (Not Examined)
 - Analysis of Significant Variations in Expenditures (Not Examined)
 - Analysis of Significant Variations in Receipts (Not Examined)
 - Analysis of Significant Lapse Period Spending (Not Examined)
 - Analysis of Accounts Receivable (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 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, 2017 information in Schedules 1 through 5. 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 it.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017
Fifteen Months Ended September 30, 2017**

	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2017	Lapse Period Expenditures July 1 to September 30, 2017	Total Expenditures	Balances Lapsed
APPROPRIATED FUNDS					
<u>General Revenue Fund – 0001 (P.A. 99-0524, P.A. 100-0021, and Court Ordered Expenditures)</u>					
Operational Expenses, Court Ordered		\$ 10,411,974	\$ 516,215	\$ 10,928,189	
Lump Sums - Operational Expenses, Court Ordered		361,546	13,903	375,449	
Lump Sums - Ordinary & Contingent Expenses	\$ 150,000	150,000	-	150,000	\$ -
Subtotal – Fund 0001	\$ 150,000	\$ 10,923,520	\$ 530,118	\$ 11,453,638	\$ -
<u>Illinois Historic Sites Fund – 0538 (P.A. 99-0524)</u>					
Contractual Services	\$ 388,080	\$ 300,468	\$ 65,967	\$ 366,435	\$ 21,645
Travel	5,000	3,777	1,129	4,906	94
Commodities	20,000	19,994	-	19,994	6
Equipment	25,000	18,037	920	18,957	6,043
Telecommunications	5,920	-	-	-	5,920
Operation of Automotive Equipment	10,000	9,820	-	9,820	180
Lump Sums - Historic Preservation Programs - Exec. Office	50,000	42,825	6,188	49,013	987
Lump Sums - Historic Preservation Programs - Pres. Serv.	300,000	33,524	71,103	104,627	195,373
Lump Sums - Ordinary & Contingent Expenses Adm. Serv.	275,000	203,915	70,457	274,372	628
Lump Sums - Operations of Historic Sites (Donations)	450,000	288,309	155,379	443,688	6,312
Lump Sums - Historic Preservation Programs - Sites	300,000	256,596	43,291	299,887	113
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	9,862	9,806	19,668	155,332
Awards & Grants - Historic Preservation Grants - Pres. Serv.	417,929	209,840	-	209,840	208,089
Permanent Improvements	75,000	15,277	21,376	36,653	38,347
Subtotal – Fund 0538	\$ 3,321,929	\$ 1,412,244	\$ 445,616	\$ 1,857,860	\$ 1,464,069
<u>Historic Property Administrative Fund – 0659 (P.A. 99-0524)</u>					
Lump Sums - Historic Tax Credit Program	\$ 150,000	\$ 538	\$ 149,462	\$ 150,000	\$ -
Subtotal – Fund 0659	\$ 150,000	\$ 538	\$ 149,462	\$ 150,000	\$ -

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017
Fifteen Months Ended September 30, 2017**

	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2017	Lapse Period Expenditures July 1 to September 30, 2017	Total Expenditures	Balances Lapsed
<u>Budget Stabilization Fund – 0686 (P.A. 99-0524 and P.A. 100-0021)</u>					
Lump Sums - Ordinary & Contingent Expenses	\$ 500,000	\$ 495,225	\$ 4,775	\$ 500,000	\$ -
Subtotal – Fund 0686	\$ 500,000	\$ 495,225	\$ 4,775	\$ 500,000	\$ -
<u>Tourism Promotion Fund – 0763 (P.A. 99-0524)</u>					
Lump Sums - Ordinary & Contingent Expenses	\$ 1,647,600	\$ 397,591	\$ 1,250,009	\$ 1,647,600	\$ -
Subtotal – Fund 0763	\$ 1,647,600	\$ 397,591	\$ 1,250,009	\$ 1,647,600	\$ -
<u>Presidential Library and Museum Operating Fund – 0776 (P.A. 99-0524)</u>					
Lump Sums - Ordinary & Contingent Expenses of the Abraham Lincoln Presidential Library & Museum	\$14,500,000	\$ 1,195,884	413,358	\$ 1,609,242	\$12,890,758
Subtotal – Fund 0776	\$14,500,000	\$ 1,195,884	\$ 413,358	\$ 1,609,242	\$12,890,758
GRAND TOTAL – ALL FUNDS	\$20,269,529	\$14,425,002	\$ 2,793,338	\$17,218,340	\$14,354,827

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017 and have been reconciled to the Agency's records. The Agency did not properly perform reconciliations during Fiscal Year 2017 as noted in Finding 2017-003 on pages 19-20.

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 Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Agency was able to submit vouchers to pay its employees in full from Fund 0001 without a maximum expenditure limit for personal service costs during Fiscal Year 2017.

Note 4: Public Act 99-0524 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 68 includes information from Agency management about the number of invoices and the total dollar amount of invoices held by the Agency submitted against its Fiscal Year 2017 appropriation.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

For the Years Ended June 30, 2017 and 2016

	2017	2016
	Court Order P.A. 99-0524 P.A. 100-0021	Court Order P.A. 99-0524
<u>General Revenue Fund – 0001</u>		
Appropriations (net after transfers)	\$ 150,000	\$ -
Expenditures		
Operational Expenses, Court Ordered	10,928,189	6,560,228
Lump Sums - Operational Expenses, Court Ordered	375,449	397,942
Lump Sums - Ordinary & Contingent Expenses	150,000	-
Total Expenditures	11,453,638	6,958,170
Lapsed Balances	\$ -	\$ -
<u>Illinois Historic Sites Fund – 0538</u>		
Appropriations (net after transfers)	\$ 3,321,929	\$ 5,107,922
Expenditures		
Buildings and Grounds, Court Ordered	-	228,820
Personal Services	-	833,666
State Contribution to State Employees' Retirement System	-	380,561
State Contributions to Social Security	-	61,579
Group Insurance	-	149,823
Contractual Services	366,435	322,868
Travel	4,906	3,112
Commodities	19,994	48
Equipment	18,957	-
Operation of Automotive Equipment	9,820	7,431
Lump Sums - Historic Preservation Programs - Exec. Office	49,013	18,686
Lump Sums - Historic Preservation Programs - Sites	299,887	293,817
Lump Sums - Historic Preservation Programs - Pres. Serv.	104,627	33,347
Lump Sums - Ordinary & Contingent Expenses - Admin. Serv.	274,372	-
Lump Sums - Operational Expenses - Administrative Services	-	4,196
Lump Sums - Operations of Historic Sites (Donations)	443,688	318,228
Lump Sums - Operations - OSC, JRB, and Union Station	-	6,597
Lump Sums - Microfilm Operation & Programs Library	19,668	-
Awards & Grants - Historic Preservation Grants - Pres. Serv.	209,840	5,219
Permanent Improvements	36,653	6,550
Total Expenditures	1,857,860	2,674,548
Lapsed Balances	\$ 1,464,069	\$ 2,662,194

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
	Court Order P.A. 99-0524 P.A. 100-0021	Court Order P.A. 99-0524
<u>Historic Property Administrative Fund - 0659</u>		
Appropriations (net after transfers)	<u>\$ 150,000</u>	<u>\$ 150,000</u>
Expenditures		
Lump Sums - Historic Tax Credit Program	<u>150,000</u>	<u>3,019</u>
Total Expenditures	<u>150,000</u>	<u>3,019</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 146,981</u>
<u>Budget Stabilization Fund - 0686</u>		
Appropriations (net after transfers)	<u>\$ 500,000</u>	<u>\$ -</u>
Expenditures		
Lump Sums - Ordinary & Contingent Expenses	<u>500,000</u>	<u>-</u>
Total Expenditures	<u>500,000</u>	<u>-</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>
<u>Tourism Promotion Fund – 0763</u>		
Appropriations (net after transfers)	<u>\$ 1,647,600</u>	<u>\$ 1,647,600</u>
Expenditures		
Operations, Court Ordered	-	126,912
Lump Sums - Ordinary & Contingent Expenses	<u>1,647,600</u>	<u>1,623,840</u>
Total Expenditures	<u>1,647,600</u>	<u>1,750,752</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 23,760</u>

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
	Court Order P.A. 99-0524 <u>P.A. 100-0021</u>	Court Order <u>P.A. 99-0524</u>
<u>Presidential Library and Museum Operating Fund - 0776</u>		
Appropriations (net after transfers)	<u>\$ 14,500,000</u>	<u>\$ 14,500,000</u>
Expenditures		
Lump Sums - Ordinary & Contingent Expenses of the Abraham Lincoln Presidential Library & Museum	<u>1,609,242</u>	<u>5,818,442</u>
Total Expenditures	<u>1,609,242</u>	<u>5,818,442</u>
Lapsed Balances	<u>\$ 12,890,758</u>	<u>\$ 8,681,558</u>
Grand Total – All Funds		
Appropriations (net after transfers)	<u>\$ 20,269,529</u>	<u>\$ 21,405,522</u>
Court Ordered Expenditure Authority	<u>11,303,638</u>	<u>7,313,902</u>
Total Expenditures	<u>17,218,340</u>	<u>17,204,931</u>
Lapsed Balances	<u>\$ 14,354,827</u>	<u>\$ 11,514,493</u>

Note 1: Fiscal Years 2017 and 2016 expenditure authority, 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. As the Agency never received enacted personal services appropriations for Fund 0001, 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 2017.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

For the Years Ended June 30, 2017 and 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 99-0524 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 68 includes information from Agency management about the number of invoices and the total dollar amount of invoices held by the Agency submitted against its Fiscal Year 2017 appropriation.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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

	Illinois Historic Preservation Agency Trust Fund - 1331
Cash and Investment Balance at June 30, 2016	\$ 2,851,170
Receipts:	
Dividend/Interest/Capital Gain Distribution Income	127,775
Donations	1,500
Change in Market Value of Investments	209,513
Disbursements:	
Contractual Services	(31,192)
Commodities	(3,253)
Equipment	(88,859)
Bank Charges	(13)
	\$ 3,066,641
Cash and Investment Balance at June 30, 2017	

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

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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, 2016	\$ 15,078,956	\$ 272,782,174	\$ 15,904,231	\$ 303,765,361
Additions	-	-	13,602	13,602
Deletions	-	-	(174,253)	(174,253)
Net Transfers	-	151,261	-	151,261
Adjustments	-	-	4,215 *	4,215
Balance at June 30, 2017	<u>\$ 15,078,956</u>	<u>\$ 272,933,435</u>	<u>\$ 15,747,795</u>	<u>\$ 303,760,186</u>

* The Agency changed the beginning balance on the Quarterly Report of State Property (C-15) filed with the State Comptroller as of July 1, 2016, but was unable to explain the reason for this change. This adjustment was needed in order to agree the Schedule of Changes in State Property to the ending balance on the June 30, 2017 C-15 report.

Note: The above schedule was derived from Agency records. The accountants noted the Agency did not record essentially all purchases which occurred during Fiscal Year 2017. See Finding No. 2017-002 on pages 16-18.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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

For the Fiscal Years Ended June 30, 2017 and 2016

General Revenue Fund - 0001	2017	2016
Reimbursement - Jury Duty, Phones	\$ -	\$ 2
Miscellaneous	-	2,667
Prior Year Refund	-	33
Unexplained Differences	-	(2,635)
Total Cash Receipts per Agency	<u>-</u>	<u>67</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>-</u>	<u>67</u>
Illinois Historic Sites Fund - 0538		
Agriculture Sales	125,473	12,019
Camping Fees	92,908	74,626
Concession Revenue	1,678	-
Copy Fees	36,858	35,349
Donation Box	502,669	476,998
Department of Interior	578,912	1,108,917
Filming Fees	9,771	-
Miscellaneous	5,817	10,000
Donations - Individuals/Organizations	7,525	4,702
Property Rental	16,480	80,325
Subscriptions	6,616	3,193
Underground Parking	173,534	177,266
Prior Year Refunds	678	35
Department of Housing and Urban Development	166,250	-
Unexplained Differences *	1,041	(1,720)
Total Cash Receipts per Agency	<u>1,726,210</u>	<u>1,981,710</u>
Add: In-Transits at the Beginning of the Year	13,361	21,210
Less: In-Transits at the End of the Year	(9,215)	(13,361)
Total Cash Receipts per State Comptroller's Records - Fund 0538	<u>1,730,356</u>	<u>1,989,559</u>
Tourism Promotion Fund - 0763		
Unexplained Differences *	<u>3,164</u>	-
Total Cash Receipts per Agency	<u>3,164</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>3,164</u>	-

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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

For the Fiscal Years Ended June 30, 2017 and 2016

<u>Presidential Library and Museum Operating Fund - 0776</u>	<u>2017</u>	<u>2016</u>
Admission Fees	\$ 1,695,537	\$ 1,877,330
Donation Box	5,681	8,750
Donations - Individuals/Organization	-	4,050
Reimbursement - Jury Duty, Phones	65	9
Miscellaneous	-	34,603
Parking Fees	75,855	84,719
Property Rental	138,674	66,074
Prior Year Refund	480	282
Unexplained Differences *	1,125	(2,779)
Total Cash Receipts per Agency	<u>1,917,417</u>	<u>2,073,038</u>
Add: In-Transits at the Beginning of the Year	48,761	111,062
Less: In-Transits at the End of the Year	-	(48,761)
Total Cash Receipts per State Comptroller's Records - Fund 0776	<u>1,966,178</u>	<u>2,135,339</u>
 Grand Total - All Funds		
Total Cash Receipts per Agency	<u>3,646,791</u>	<u>4,054,815</u>
Add: In-Transits at the Beginning of the Year	62,122	132,272
Less: In-Transits at the End of the Year	(9,215)	(62,122)
Total Cash Receipts per State Comptroller's Records - All Funds	<u>\$ 3,699,698</u>	<u>\$ 4,124,965</u>

* The Agency did not properly perform reconciliations during Fiscal Year 2017. See Finding 2017-003 on pages 19-20.

Note: The schedule does not include amounts for cash on-hand at June 30 of each year related to donation receipts. See Finding 2017-010 on pages 34-35. The schedule also does not include the cash receipts of the Abraham Lincoln Presidential Library and Museum for the last week of June 2017. See Finding 2017-001 on pages 14-15.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

AGENCY FUNCTIONS AND PLANNING PROGRAM

(Not Examined)

On March 31, 2017, the Governor of Illinois signed Executive Order 2017-01 consolidating the Illinois Historic Preservation Agency (Agency) with the Department of Natural Resources (Department) and established the Abraham Lincoln Presidential Library and Museum (ALPLM) effective July 1, 2017. As a result, the Board of Trustees and all employees terminated their positions with the Agency as of June 30, 2017. Upon cessation of the Agency, remaining employees of the Agency either transferred to the Department, transferred to the ALPLM, or terminated employment with the State of Illinois.

Executive Order 2017-01 was later superseded by Public Act 100-0120 effective August 18, 2017.

AGENCY FUNCTIONS

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

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

Preservation Services Division

The Preservation Services Division was 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 was 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 conducted many special events, which attracted 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) was responsible for the operation and maintenance of the ALPLM site. The ALPLM interprets the life and times of America's greatest president;

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

AGENCY FUNCTIONS AND PLANNING PROGRAM - Continued

(Not Examined)

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.

AGENCY PLANNING PROGRAM

The Agency considered 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 participated in key management decisions for budgeting, purchasing, hiring, and termination of employees. The Agency was under the direct supervision of a seven-member Board of Trustees appointed by the Governor. This Board was the ultimate decision-maker concerning major policies of the Agency. Meetings were held approximately every quarter and were attended by Board members, the Agency Director, and division managers and were documented by meeting minutes.

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

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

The Agency's Senior Leadership team engaged in a strategic planning session at the end of 2016. Three strategic objectives were identified.

1. The first strategic objective was to improve the customer experience and increase visitation to Illinois historic sites and ALPLM.
2. The second strategic objective was optimizing internal operations and improving employee morale.
3. The third strategic objective was to focus on maximizing existing and identifying new revenue streams to reduce reliance on taxpayer dollars.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

(Not Examined)

The 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.

General Revenue Fund – 0001

Operational Expenses – Court Ordered

Increase in \$4,367,961 (67%) in Fiscal Year 2017 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. During Fiscal Year 2016, a portion of these expenses were paid with other State funds which were depleted, forcing the Agency to use the General Revenue Fund (0001) expenditure authority.

Lump Sums – Ordinary & Contingent

Increase of \$150,000 (100%) in Fiscal Year 2017 was the result of this one-time lump sum appropriation for Agency expenses (no personal services) from the General Revenue Fund (0001).

Illinois Historic Sites Fund – 0538

Buildings and Grounds, Court Ordered, decrease of \$228,820 (100%), Personal Services, decrease of \$833,666 (100%), State Contributions to State Employees' Retirement System, decrease of \$380,561 (100%), State Contributions to Social Security, decrease of \$61,579 (100%), and Group Insurance, decrease of \$149,823 (100%), were due to the Fund being depleted in Fiscal Year 2016, forcing the Agency to use the General Revenue Fund (0001) expenditure authority in Fiscal Year 2017.

Lump Sums – Historic Preservation Programs – Pres. Serv.

Increase of \$71,280 (214%) in Fiscal Year 2017 was the result of the Agency not receiving General Revenue Fund (0001) spending authority for Fiscal Year 2017 expenses other than personal services. This forced the Agency to expend money from the other state funds, including the Illinois Historic Sites Fund (0538).

Lump Sums – Ordinary & Contingent Expenses – Admin. Serv.

Increase of \$274,372 (100%) in Fiscal Year 2017 was the result of the Agency not receiving General Revenue Fund (0001) spending authority for Fiscal Year 2017 expenses other than personal services. This forced the Agency to expend money from the other state funds including the Illinois Historic Sites Fund (0538).

Lump Sums – Operations of Historic Sites (Donations)

Increase of \$125,460 (39%) in Fiscal Year 2017 was the result of the Agency not receiving General Revenue Fund (0001) spending authority for Fiscal Year 2017 expenses other than personal services. This forced the Agency to expend money from the other state funds including the Illinois Historic Sites Fund (0538).

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES - Continued

(Not Examined)

Awards and Grants – Historic Preservation Grants – Pres. Serv.

Increase of \$204,621 (3,921%) in Fiscal Year 2017 was the result of the Agency not having the authority to pay grants in Fiscal Year 2016 until the passage of Public Act 99-0524. Therefore, most grants were not paid until Fiscal Year 2017.

Historic Property Administration Fund – 0659

Lump Sum – Historic Tax Credit Program

Increase of \$146,981 (4,869%) in Fiscal Year 2017 was mainly due to the expenses relating to the Historic Tax Credit Program administration not being fully charged to this Fund in prior years. In the current year, the Agency charged the Fund for administration expenses.

Budget Stabilization Fund – 0686

Lump Sum – Ordinary and Contingent Expenses

Increase of \$500,000 (100%) in Fiscal Year 2017 was due to the Agency not receiving an appropriation from the Budget Stabilization Fund (0686) in Fiscal Year 2016.

Tourism Promotion Fund – 0763

Operations, Court Ordered

Decrease of \$126,912 (100%) in Fiscal Year 2017 was due to Personal Services and related expenditures being paid from the General Revenue Fund (0001) under the Comptroller-established expenditure authority in response to the St. Clair Court Order to pay State employees.

Presidential Library and Museum Operating Fund – 0776

Decrease of \$4,209,200 (72%) in Fiscal Year 2017 was the result of the Fund being depleted in Fiscal Year 2016. The Agency paid Personal Services and related costs from the General Revenue Fund (0001) under the St. Clair County Court Order to pay employees. The Agency was left to pay expenses with the remaining cash on hand.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

(Not Examined)

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.

Illinois Historic Sites Fund – 0538

Agricultural Sales

Increase of \$113,454 (944%) in Fiscal Year 2017 is due to the incorrect classification of certain receipts in Fiscal Year 2016. The Agency contacted the Office of the Comptroller (Comptroller) about the errors and was told not to correct the receipt source unless it was deposited to the wrong fund. In addition, several contracts for agricultural sales were put out for bid during Fiscal Year 2017 in order to increase revenue from agricultural sales.

Department of Interior

Decrease of \$530,005 (48%) in Fiscal Year 2017 was the result of the Agency not completing the grant process in time to draw down grant revenues in Fiscal Year 2017.

Property Rental

Decrease of \$63,845 (79%) in Fiscal Year 2017 was the result of incorrect classification of receipts in Fiscal Year 2016. The Agency contacted the Comptroller about the errors and was told not to correct the receipt source unless it was deposited to the wrong fund.

Department of Housing and Urban Development

Increase of \$166,250 (100%) in Fiscal Year 2017 was the result of a one-time special grant for repairs and remodeling at the Lincoln-Herndon Law Office historical site that was received and utilized during Fiscal Year 2017.

Presidential Library and Museum Operating Fund – 0776

Miscellaneous

Decrease of \$34,603 (100%) in Fiscal Year 2017 is the result of incorrect classification of receipts. The Agency contacted the Comptroller about the errors and was told not to correct the receipt source unless it was deposited to the wrong fund.

Property Rental

Increase of \$72,600 (110%) in Fiscal Year 2017 was due primarily to the miscoding of 13 deposits to admissions that should have been credited to property rental in Fiscal Year 2016. These miscoded receipts were not corrected in Fiscal Year 2016. The Agency contacted the Comptroller about the errors and was told not to correct the receipt source unless it was deposited to the wrong fund.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

(Not Examined)

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. The most significant factors related to these expenditures included a) the Agency converted to the Department of Innovation and Technology's new accounting system on April 1, 2017, b) the split off of the Abraham Lincoln Presidential Library and Museum (ALPLM) and merger of the balance of the Agency into the Department of Natural Resources (DNR) temporarily halted the process of processing vouchers in mid-June in order to pack records and physically move, and c) the physical location of voucher processors (1 employee at DNR and 2 at ALPLM) after the move made the process more cumbersome.

Illinois Historic Sites Fund – 0538

Lump Sums – Historic Preservation Programs – Pres Services

Spending of \$71,103 (68%) during Fiscal Year 2017 lapse period was due to problems with the new accounting system and moving/splitting of the Agency.

Lump sums – Ordinary & Contingent Expenses Administrative Services

Spending of \$70,457 (26%) during Fiscal Year 2017 lapse period was due to problems with the new accounting system and moving/splitting of the Agency.

Lump Sums – Operations of Historic Sites (Donations)

Spending of \$155,379 (35%) during Fiscal Year 2017 lapse period was due to problems with the new accounting system and moving/splitting of the Agency.

Historic Property Administration Fund – 0659

Lump Sum – Historic Tax Credit Program

Spending of \$149,462 (100%) during the Fiscal Year 2017 lapse period was due to problems with the new accounting system and moving/splitting of the Agency.

Tourism Promotion Fund – 0763

Lump Sums – Ordinary & Contingent Expenses

Spending of \$1,250,009 (76%) during the Fiscal Year 2017 lapse period was due to a request by the Governor's Office of Management and Budget to wait for improved cash flow within the Fund. Once expenditures were permitted, the new accounting system was not set up correctly to process the invoices charged against the Fund. A significant amount of time was needed to rectify the problem.

Presidential Library and Museum Operating Fund – 0776

Lump Sums – Ordinary and Contingent Expenses

Spending of \$413,358 (26%) during the Fiscal Year 2017 lapse period was due to problems with the new accounting system and moving/splitting of the Agency.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

ANALYSIS OF ACCOUNTS RECEIVABLE

(Not Examined)
(Expressed in Thousands)

Aging of Accounts Receivable were as follows:

	<u>2017</u>
Current	\$ 1,920
1-30 days	-
31-90 days	-
91-180 days	-
181-1 year	-
Over 1 year	<u>-</u>
Accounts Receivable Gross Balance	1,920
Less: Estimated Uncollectible Accounts	<u>-</u>
Accounts Receivable Net Balance	<u><u>\$ 1,920</u></u>

Note: As noted in Finding 2017-009 on pages 32-33, 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 Year Ended June 30, 2017**

BUDGET IMPASSE DISCLOSURES

(Not Examined)

Payment of Prior Year 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. In addition, Article 998 of Public Act 100-0021 authorized the Agency to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Agency's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following chart shows how the Agency paid its prior year costs using future appropriations:

FISCAL YEAR 2016 INVOICES

<u>Fund #</u>	<u>Fund Name</u>	Paid from FY 2017	
		<u>Number</u>	<u>Dollar Value</u>
0001	General Revenue Fund	3	\$ 150,000
0538	Illinois Historic Sites Fund	6	2,086
0686	Budget Stabilization Fund	164	500,000
0776	Presidential Library and Museum Operating Fund	4	18,400
		<u>177</u>	<u>\$ 670,486</u>

The Agency had seven outstanding unpaid invoices, totaling \$368,597, from Fiscal Year 2016 and four outstanding unpaid invoices, totaling \$647, from Fiscal Year 2017 after the closure of the Fiscal Year 2017 Lapse Period on September 30, 2017. The Agency ceased to exist on June 30, 2017 and therefore did not receive a Fiscal Year 2018 appropriation.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

**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 2017.

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.

The following chart shows the Agency's VPP transactions for Fiscal Year 2017:

VPP TRANSACTIONS

Dollar Value	\$ 470,055
Vendors	6
Invoices	29

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).

During Fiscal Year 2017, none of the Agency's vendors participated in the Vendor Support Initiative Program (VSI).

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

INTEREST COSTS ON INVOICES

(Not Examined)

Prompt Payment Interest Costs

The Historic Preservation Agency (Agency) did not calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) (see Finding 2017-005 on pages 23-24). 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 90th day after a vendor submits an eligible proper bill to the Agency. When the Agency does calculate prompt payment interest due to vendors under the Act, the Agency uses 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 and Fiscal Year 2017.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

AVERAGE NUMBER OF EMPLOYEES

For the Years Ended June 30, 2017 and 2016

(Not Examined)

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

Division	Fiscal Year	
	2017	2016
Executive Office	14	18
Preservation Services	12	11
Administrative Services	10	6
Historic Sites	80	73
Presidential Library & Museum	55	66
Total average full-time employees	171	174

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

EMERGENCY PURCHASES

(Not Examined)

The Historic Preservation Agency reported the following emergency purchases to the Office of the Auditor General during Fiscal Year 2017:

<u>Description</u>	<u>Amount</u>
Fiscal Year 2017	
Repairs and maintenance for the Lincoln-Herndon Law Office (a historic site) in Springfield, IL. *	<u>\$ 159,275</u>
Total Fiscal Year 2017	<u><u>\$ 159,275</u></u>

* This was the actual amount reported and paid.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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 MOUs were entered into during the fiscal year ended June 30, 2017:

<u>Site Supported</u>	<u>Organization Providing Support</u>	<u>Term of MOU</u>
Cahokia Mounds	Cahokia Mounds Museum Society	August 25, 2016 – June 30, 2019
Fort de Chartres	Les Amis du Fort de Chartres	2016-2018
Old State Capital	Old State Capital Foundation	August 5, 2016 – December 31, 2021
Vachel Lindsey House	Vachel Lindsey Association	July 1, 2016 – December 31, 2016

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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, 2017 and 2016. 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 Year Ended June 30, 2017**

SERVICE EFFORTS AND ACCOMPLISHMENTS - Continued

(Not Examined)

(Spending Expressed In Thousands)

	2017		2016	
	<u>Expenditures</u>	<u>Headcount</u>	<u>Expenditures</u>	<u>Headcount</u>
<u>Reporting Programs</u>				
Abraham Lincoln Presidential Library and Museum	\$ 1,609.2	65	\$ 5,818.4	54
Historic Sites	4,251.0	59	2,025.9	62
Preservation Services	2,000.0	12	1,952.0	12
 <u>Non-Reporting Programs</u>				
Executive Office	<u>\$ 9,358.1</u>	<u>10</u>	<u>\$ 7,408.6</u>	<u>6</u>
Agency Totals	<u>\$ 17,218.3</u>	<u>146</u>	<u>\$ 17,204.9</u>	<u>134</u>

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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>2017</u>	<u>2016</u>
<u>Input indicators:</u>		
Total expenditures – all sources	\$ 1,609.2	\$ 5,818.4
Total expenditures – State appropriated funds	\$ 1,609.2	\$ 5,818.4
Average monthly full-time equivalents	65	64
<u>Output Indicators</u>		
Library users	42,304	39,377
Conservation treatments performed	3,366	2,260
Interlibrary loans sent	1,217	1,470
Museum attendance	299,272	280,937
Volunteer hours	40,900	41,130
<u>Outcome Indicators</u>		
Percent of research letters answered in 30 days	93%	95%
Percent of conservation treatments completed in 30 days	80%	80%
Percent of interlibrary loans processed in 30 days	100%	100%

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For the Year Ended June 30, 2017**

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>2017</u>	<u>2016</u>
<u>Input indicators:</u>		
Total expenditures – all sources	\$ 2,000.0	\$ 1,952.0
Total expenditures – State appropriated funds	\$ 2,000.0	\$ 1,952.0
Full-time equivalents as of June 30	12	12
<u>Output Indicators</u>		
State tax incentive responses (Part 1, 2, 3 additional work and preliminaries)	141	155
Federal tax incentive responses (Part 1, 2, 3 and amendments)	185	181
<u>Outcome Indicators</u>		
Percent of regulatory review comments completed in 30 days	95%	94%
Percent of National Register responses within 30 days	90%	87%
Percent of tax program responses within 50 days	95%	98%
<u>External Benchmarks</u>		
Number of Certified Local Governments	80	80

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HISTORIC PRESERVATION AGENCY**

**COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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>2017</u>	<u>2016</u>
<u>Input indicators:</u>		
Total expenditures – all sources	\$ 4,251.0	\$ 2,025.9
Total expenditures – State appropriated funds	\$ 4,251.0	\$ 2,025.9
Average monthly full-time equivalents	59	64
<u>Output Indicators</u>		
Site attendance (thousands)	1,886	1,671
Volunteer hours (thousands)	79.8	79.2
Donation box receipts (thousands)	\$ 493.5	\$ 479.1
Economic impact of historic sites (millions)	\$ 150.8	\$ 155.9
Website hits pertaining to historic sites	162,847	171,410
<u>Outcome Indicators</u>		
Overall enjoyable public programs experience - survey	95%	94%
Site appearance and annual cleanliness rating - survey	95%	95%