

LEGISLATIVE AUDIT COMMISSION



Review of
Illinois Historic Preservation Agency
Two Years Ended June 30, 2008

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REVIEW: 4318
ILLINOIS HISTORIC PRESERVATION AGENCY
TWO YEARS ENDED JUNE 30, 2008

FINDINGS/RECOMMENDATIONS - 15

ACCEPTED - 15

REPEATED RECOMMENDATIONS - 5

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 9

This review summarizes the auditors' report on the Illinois Historic Preservation Agency for the two years ended June 30, 2008, filed with the Legislative Audit Commission June 11, 2009. The auditors performed a compliance examination in accordance with *Government Auditing Standards* and State law.

The Historic Preservation Agency, created July 18, 1985, is responsible for the protection and interpretation of Illinois' history and historic resources. The Agency administers the Abraham Lincoln Presidential Library and Museum (ALPLM), the Illinois State Historical Library, all State-owned historic sites, and the State's preservation program which assists owners of historic properties with rehabilitation and preservation. The Agency's operations are divided into divisions as follows: Administrative Services, Executive Office, Historic Sites, Preservation Services, and the Abraham Lincoln Presidential Library and Museum. The Historic Sites Division administers a total of 60 historic sites and memorials. According to Agency records, the sites have about 2.3 million visitors annually. A seven-member board of trustees, appointed by the Governor, with the consent of the Senate, is responsible for setting and determining policy for the Agency, and appointing its director.

Robert Coomer served as Director during most of the audit period, retiring on December 31, 2007. Jennifer Tirey served as Interim Director from January 1, 2008 through April 15, 2008. Jan Grimes became Director on April 16, 2008. Director Grimes had served as Executive Director of CDB since January 2005.

The number of employees was:

| Division | FY08 | FY07 | FY06 |
|----------------------------------------------------|-------------|-------------|-------------|
| Executive Office | 14 | 22 | 26 |
| Preservation Services | 16 | 17 | 18 |
| Administrative Services | 9 | 15 | 33 |
| Historic Services | 90 | 91 | 92 |
| Abraham Lincoln Presidential Museum and Library | 102 | 104 | 81 |
| Shared Services | 11 | 0 | 0 |
| TOTAL | 242 | 249 | 250 |

Expenditures From Appropriations

The General Assembly appropriated a total of \$32,226,863 from four different funds to the Agency in FY08. Approximately \$15 million of the total was appropriated from the General Revenue Fund. Also included in the total appropriation are appropriations from the Illinois Historic Sites Fund (\$4.2 million); the Capital Development Fund (\$143,000); and the ALPLM Fund (\$12.9 million). Appendix A summarizes these appropriations and expenditures for the period under review.

Total expenditures for the Agency increased from \$23.9 million in FY06 to \$27.1 million in FY07 to \$28 million in FY08, for a total increase of \$4.1 million or 17.4%. In the two year period, the overall increase in expenditures was due to the following:

- \$1.67 million increase in ALPLM expenditures;
- \$739,367 increase in the contribution to SERS;
- \$564,446 for shared services;
- \$498,000 for Lincoln Bicentennial; and
- \$590,000 increase in grants to Historic Sites.

Lapse period expenditures for FY08 were \$1.98 million, or 7.1% of total expenditures.

Cash Receipts

Appendix B summarizes cash receipts for the three-year period, fiscal years 2006 through 2008. Cash receipts decreased from \$5,984,869 in FY06 to \$4,662,486 in FY08. The decrease in receipts was attributable to the large attendance during the Museum's opening year (FY06) and fees and other items associated with the Presidential Library and Museum.

Property and Equipment

Appendix C summarizes the property and equipment for which the Department was accountable. The balance as of June 30, 2008 for property and equipment was almost \$291.3 million, an increase of \$6.4 million over the balance of June 30, 2007. The majority of the increase was due to buildings and building improvements.

Number of Visitors and Cash Donations

Appendix D provides a summary of the number of visitors (unaudited) to each of the State-owned historic sites and donations collected at each site during FY08 and FY07. The number of total visitors decreased from 2,300,880 in FY07 to 2,206,587 in FY08. These totals do not include Library users, which numbered 66,647 in FY08, or visitors to the Presidential Museum.

Accountants' Findings and Recommendations

Condensed below are the 15 findings and recommendations included in the audit report. Of these, five were repeated from a prior report. The following recommendations are classified on the basis of information provided by Eddy Fisher, Chief Accountant, in the compliance examination report.

Accepted

- 1. Implement controls to ensure grant agreements contain provisions necessary to properly administer State grant funds, including, at a minimum, those required by the Illinois Grant Funds Recovery Act. In addition, implement controls to ensure grant monitors require grantees to submit required reports timely to ensure grant funds are being expended as intended.**

Finding: The Historic Preservation Agency did not exercise adequate controls over its administration of State grants. Auditors reviewed 14 State grants awarded for educational, interpretative and special events related to the Abraham Lincoln Bicentennial Celebration, five grants provided to Certified Local Governments to assist in the implementation of their local preservation programs, and one grant to a Historical Society for costs in the operation of a historic site and noted the following:

- Fifteen of 20 grant agreements tested, totaling \$588,759, did not contain a provision requiring all funds unexpended at the end of the grant agreement period to be returned to the State within 45 days.
- Five of 20 grant agreements tested, totaling \$292,801, did not include detailed financial budgets or other detailed information regarding the use or purpose of the grant funds.
- Six of 20 grants tested, totaling \$311,082, were missing a total of nine quarterly reports.
- Two of 20 grants tested, totaling \$131,000, were missing an evaluation summary. The summary was required to include evidence the target audience was reached; evidence expected results were met; and evidence of community and/or State impact.
- One of 20 grants tested, totaling \$183,750, was missing the final report.

Agency management stated they were unaware the grants did not contain all the required elements. They further stated they attempted to contact grantees to obtain reports more timely, but it still remained a problem.

Response: Accepted. The omitted provision in the agreement pertaining to unspent funds was an oversight. In addition, the Agency will reinforce the various reporting

Accepted – continued

requirements with grantees and stress with staff the importance of closely monitoring the grants.

- 2. Ensure the requirements of statute are being met by monitoring grantee expenditures and activities for reasonableness and compliance with State laws. Also ensure the Amistad Commission timely reports its activity to the Governor and General Assembly. (Repeated-2006)**

Finding: The Agency did not adequately monitor a grantee carrying out the duties of the Amistad Commission. In addition, the Commission did not timely file its report.

The Agency created the Amistad Commission consisting of 15 members 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 Agency expended appropriated funds totaling \$232,005 in FY07 and \$3,197 in FY08 for this purpose.

The Agency fully established the Commission and entered into an agreement with a grantee to carry out the duties of the Commission; however, auditors noted the following:

- The Agency paid the grantee \$100,000, on an FY07 voucher that stated on its face “to prepare and distribute appropriate curriculum materials to assist schools in training all students about the history of slavery and related issue.” There was no agreement signed by the parties that covered this payment. The supporting documentation for the voucher did not contain detailed receipts or invoices and only consisted of a memo to the Agency’s Director dated August 27, 2007 that detailed the use of the funds for an event that would take place on January 19, 2008 and contained the following details:
 - \$18,480 for catering costs
 - \$5,000 for a conference and banquet hall
 - \$40,000 for 4 keynote speakers (contracted at \$10,000 each)
 - \$2,000 for the 4 speakers’ overnight accommodations and \$2,000 for their air transportation
 - \$6,000 for production and printing of the booklets
 - \$1,050 for the printing of invitations and \$400 for mailing
 - \$10,000 for administrative/indirect costs
 - \$10,070 for development of a library for Commission members
 - \$5,000 to fund tickets for students to attend an education play.

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Agency management stated the amounts paid to the grantee were determined through initial planning meetings between the Commission, the Agency, and the grantee and monitoring was performed through the review of reports submitted by the grantee.

- The Commission filed its report for the two years ended June 30, 2008, 142 days late on November 19, 2008.

Agency management stated the report was late because the Commission was waiting on data from the grantee to prepare the reports.

Response: Accepted. We will work with the Amistad Commission more closely to insure reporting is timely and complete including supporting documentation for Commission activities.

3. Only make payment for services rendered unless otherwise stipulated in a contract. Also, ensure proper documentation is received prior to processing payments to vendors.

Finding: The Agency inappropriately prepaid vendors for contracted services. During testing, auditors noted four instances where the Agency paid in advance for goods and services:

- The Agency contracted with various vendors to perform maintenance services and to operate historic sites. During FY07, a vendor was paid the annual contracted total of \$13,500 in August 2006 and another vendor was paid the annual contracted total of \$15,000 in February 2007. During FY08, a third vendor was paid the annual contracted total of \$9,500 in October 2007. These payments were issued without detailed invoices or other supporting documentation and prior to Agency receipt of from 5 to 10 months of the contracted services. None of the contracts or vouchers contained an advance payment clause or other documentation noting the services were being paid in advance. Agency management stated neither the Director nor staff was aware an advance prepayment clause was necessary in the contracts.
- The Agency issued a voucher totaling \$17,145 on 8/20/07 for a vehicle that had been ordered in April 2007 but was not received by the Agency until 8/30/07. Agency management stated a fax was received on 8/16/07 that the vehicle was soon going to be delivered to the State garage, so payment was issued.

Response: Accepted. The Agency will process payments after services or goods are rendered or received, unless stipulated in the contract, and only after receiving the final invoice.

Accepted – continued

4. Notify the Governor regarding appointments that should be made to the Agency's Board.

Finding: The Agency did not have the mandated number of appointees serving on its Board of Trustees. The auditors noted the Board was comprised of five instead of seven members as of June 30, 2008, and four of the members' appointments expired on January 19, 2004 and the other member's appointment expired on January 17, 2005.

Agency personnel stated they were unable to compel the Governor to make the appointments.

Response: Accepted. The Agency will continue to notify the Governor's Office of necessary appointments if necessary.

5. Comply with the statute by developing individual business plans for the Old State Capital, Lincoln Herndon Law Offices, and New Salem or seek legislative changes to remove the requirements.

Finding: The Agency did not develop required business plans for certain historic sites. Effective August 14, 2007, the Agency was required to create an individual business plan for each historic site related to Abraham Lincoln no later than January 1, 2008. Each business plan was required to address ways to enhance tourism at the historic site and the historic aspect of each site.

Agency management stated the intent of the legislation was to develop master management plans. They further stated a recently produced master management plan cost over \$300,000. Since the Agency received no additional funding, they were unable to develop the plans.

Response: Accepted. The lack of funding and staff prevented such studies from being performed. The Agency will seek to have the statutory requirement changed or removed.

6. Become active in managing the preservation and conservation of the buildings and grounds of the Illinois Executive Mansion as required.

Finding: The Agency did not manage the preservation and conservation of the buildings and grounds of the Illinois Executive Mansion. Currently, there is a Curator of the Executive Mansion, appointed by the Governor, who manages the preservation and conservation of the buildings and grounds at the Executive Mansion under the direction of the Illinois Executive Mansion Association, a non-profit organization formed in 1972 to promote and preserve the historical integrity of the Executive Mansion. The Agency is not involved in any of those functions.

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Agency management stated they were not aware of the legislation requiring their management of the buildings and grounds of the Executive Mansion.

Response: Accepted. Support for the Mansion ceased when we no longer received funding to assist them. The Agency will contact staff at the Executive Mansion to assist in preservation and conservation of the facility or have the requirement changed since the Mansion has staff to perform such duties.

7. Comply with State law or seek legislative changes to remove the requirement to maintain an Illinois Register of Historic Places. (Repeated-2002)

Finding: The Agency did not maintain an Illinois Register of Historic Places. The Agency does maintain a National Register of Historic Places in Illinois that are registered nationally. The Agency believes the National Register provides more benefits, such as federal grant funds, to the property owners and an Illinois Register would merely function as a duplicate listing to the National Register.

Agency management stated during the current and prior examinations that the Illinois Register is not necessary and there should be change in the legislation; however, they did not take any action during the examination period.

Response: Accepted. The Agency will seek to have the obsolete program removed from the Illinois Statutes.

8. Work with the Governor's Office and the General Assembly to ensure members are appointed and funding is received to comply with the State law concerning the Freedom Trail Commission. (Repeated-2004)

Findings: The Agency did not establish the Freedom Trail Commission. The Commission was required to consist of 16 appointed members whose mission was to preserve the history of the freedom trail and the Underground Railroad. The Agency's responsibility was to supervise the budgeting, procurement, and related functions of the Commission and the administrative responsibilities of the staff. The Commission has not been established.

Agency management stated as they did during the last examination that none of the members have been appointed by the Governor or the General Assembly and no funding has been received to facilitate the administrative responsibilities. The Agency has estimated the costs associated with running the Commission to be \$215,000.

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Response: Accepted. The Agency will remind the Governor's Office and the Legislature of the program and that they need to make appointments to the Commission if it is their desire for the program to continue. The Agency will again seek funding for the program if it is to continue.

9. Implement and maintain procedures to ensure adherence to requirements regarding the publishing of sole source contracts in the Procurement Bulletin.

Finding: The Agency failed to publish its notice of intent to enter into sole source contracts in the Procurement Bulletin for a contract for professional documentary services totaling \$24,000 in FY07 and a contract for the maintenance and security of fire and alarm systems with related expenditures of \$32,544 and \$47,201, in FY07 and FY08, respectively.

Agency management stated the failure to publish the notices was an oversight.

Response: Accepted. The Agency will publish all notices when required.

10. Comply with State law by making timely deposits and documenting the date that all refunds are received. In addition, submit Treasurer's drafts timely and process cash refunds on the proper forms. (Repeated-2004)

Finding: The Agency did not timely deposit receipts and refunds and did not maintain documentation of the date of receipt for all refunds. In addition, a refund was improperly processed as a receipt. During testing, the auditors noted the following:

- Ten of 50 receipts tested totaling \$138,520 and 12 of 25 (48%) refunds totaling \$16,763 were deposited from 1 to 115 days late.
- The timeliness of deposit could not be determined for 10 of 25 (40%) refunds tested totaling \$10,335 because the Agency did not maintain documentation of the date received.

Agency management stated the deposits not made timely and lack of date received on refunds were mainly due to the receipt of funds at multiple locations and the extra time involved in forwarding those items to the Fiscal Office.

- For three of 50 receipts tested totaling \$25,774, the Treasurer's drafts were not forwarded to the Office of the Comptroller until 32 to 51 days after receipt. Agency management stated they generally deposit Treasurer's drafts as timely as possible and there may have been a problem with the paperwork; however, no documentation was provided.
- One of 25 refunds tested totaling \$5,734 was improperly deposited as a receipt and subsequently submitted to the Office of the Comptroller on a Receipt Deposit

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Transmittal instead of an Expenditure Adjustment Transmittal (EAT). Agency management stated there was an error in determining the nature of the funds.

Response: Accepted. The Agency will stress to appropriate staff the importance of timeliness in relation to the deposit of funds and the submission of drafts to the Comptroller's Office as well as remind them to date stamp documents for verification of receipt.

11. Comply with the Administrative Code and implement controls to ensure vouchers are approved within the required time frame. Also, ensure interest owed over \$50 to a vendor is automatically paid when applicable. In addition, implement controls to prevent duplicate payments to vendors and obtain refunds for the duplicate payments made.

Findings: The Agency did not have adequate controls over voucher processing. The auditors noted the following during testing:

- Thirty-six of 379 vouchers tested totaling \$153,495, were approved for payment from 1 to 82 days late. Agency management stated the late approvals were mainly due to delays in receiving invoices from the various sites and divisions within the Agency.
- The Agency did not pay the required interest of \$538 on 4 of 379 vouchers tested totaling \$43,614. Agency management stated interest payments are automatically generated when interest is owed over \$50, but none were generated in the above cases.
- Auditors noted 3 instances where the Agency issued \$84 in duplicate payments to vendors. Agency management stated duplicate reimbursement requests were received and attached with other invoices, so they were not detected.

Response: Accepted. The Agency will continue to stress to staff the importance of timely submission of vouchers. In addition, we will process prompt pay interest payments when notified by the Comptroller's Office to do so and we will seek to eliminate any duplicate vouchers.

12. Comply with the Code and perform evaluations for all employees annually.

Finding: The Agency did not conduct employee performance evaluations as required. The auditors noted the Agency did not perform annual performance evaluations for four of 25 employees tested in FY07 and 10 of 25 employees tested in FY08.

Accepted – concluded

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Agency management stated although supervisors were reminded periodically to perform the evaluations, they were not always completed due to turnover of key staff.

Response: Accepted. We will continue to inform management staff of the importance of employee evaluations and stress that they be completed in a timely manner.

13. Implement controls to ensure leave requests are maintained for all employees taking time off and leave of absence requests are properly documented and approved in advance. In addition, require employees to document the time spent each day on official State business to the nearest quarter hour.

Findings: The Agency did not maintain properly completed documentation of its employees' leave time and the Agency's timesheets were not in compliance with State law. Auditors noted the following:

- Two of four employees tested did not submit properly completed leave of absence request forms. One employee failed to submit a leave of absence request form prior to taking the leave. The second employee submitted a leave of absence request form; however, the form was not approved by the supervisor or the division head. Agency management stated the leaves were approved in advance as required but the forms were not properly completed.
- Leave slips were not maintained for one of 25 employees tested. Official leave request forms were not provided for 14 absences, totaling 78 hours. Agency management stated the applicable timekeeper retired, and they were unable to locate the forms.
- Employees are required to periodically submit time sheets; however, the time sheets do not document the time spent each day on official State business to the nearest quarter hour. Agency management stated they were unaware their timesheets did not comply with the Act.

Response: Accepted. We will reiterate the rules regarding the submission of leave slips and stress the importance of properly completing and maintaining copies of all the forms.

14. Implement controls to ensure all equipment purchases are inventoried and ensure all equipment is marked as required.

Finding: The Agency did not maintain sufficient controls over the recording and identification of State-owned equipment. During testing, auditors noted the following:

- Four of 35 equipment vouchers tested contained equipment items totaling \$21,976 that were not recorded on the Agency's property listing. Agency management stated

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the failure to inventory the equipment purchases was due to errors in identifying vouchers to be processed by property control.

- The Agency did not mark State property under \$100 to identify it as the property of the State of Illinois. Agency management stated they were unaware of the rules requiring inventory items under \$100 to be marked.

Response: Accepted. The Agency will insure property is tagged in a timely manner. In addition, we have already begun marking items under \$100 that we have always considered as commodities.

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|-------|
| 4,845 |
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15. Timely identify and formally notify the Comptroller's Office of all corrections and unreconciled differences identified by the monthly reconciliations of agency expenditures and receipts to Comptroller records.

Finding: The Agency did not maintain accurate accounting records.

- The Agency's expenditure records were inaccurate and did not agree with the State Comptroller's records for five of 54 appropriation line items in the General Revenue Fund , three of 36 appropriation line items in the Historic Sites Fund (538), and the appropriation line item in the Presidential Library and Museum Operating Fund (776) in FY07. Auditors noted these unreconciled differences, which ranged from \$75 to \$4,801, were not reported to the Comptroller's Office as required.
- The Agency's receipt records were inaccurate and did not agree with the State Comptroller's records in the Historic Sites Fund in FY07 and FY08. Auditors noted unreconciled differences, \$1,633 in FY07 and \$635 in FY08, were not reported to the Comptroller's Office as required.

Agency management stated they were aware of the differences but did not report them due to time constraints.

Response: Accepted. The Agency did not report the differences due to the fact that the differences were attributed to posting errors on the Agency side and not the Comptroller's side. The Agency will notify the Comptroller's Office of unreconciled differences in the future.

Emergency Purchases

The Illinois Purchasing Act (30 ILCS 505/1) states, "The principle of competitive bidding and economical procurement practices shall be applicable to all purchases and

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contracts...” The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption for emergencies “involving public health, public safety, or where immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage ... prevent or minimize serious disruption in State services, insure the integrity of State records, or to avoid lapsing or loss of federal or donated funds. The chief procurement officer may promulgate rules extending the circumstances by which a purchasing agency may make ‘quick purchases’, including but not limited to items available at a discount for a limited period of time.”

State agencies are required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit is to set forth the circumstance requiring the emergency purchase. The Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY07 and FY08, the Historic Preservation Agency filed two emergency purchase affidavits totaling \$154,161.01 for asbestos abatement at the Pullman Historic Site and boiler replacement at Cahokia Mounds.

Headquarters Designations

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.