

# LEGISLATIVE AUDIT COMMISSION



Review of  
Abraham Lincoln Presidential Library and Museum  
Two Years Ended June 30, 2019

622 Stratton Office Building  
Springfield, Illinois 62706

**REVIEW: 4508**  
**ABRAHAM LINCOLN PRESIDENTIAL LIBRARY AND MUSEUM**  
**TWO YEARS ENDED JUNE 30, 2019**

**FINDINGS/RECOMMENDATIONS - 15**  
**PARTIALLY IMPLEMENTED - 10**  
**IMPLEMENTED - 5**  
**ACCEPTED - All**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 0 (All New – First examination)**

This review summarizes the auditors' report on the Abraham Lincoln Presidential Library and Museum (ALPLM) for the two years ended June 30, 2019. Auditors performed a compliance examination for 2 years that ended June 30, 2019 and filed with the Legislative Audit Commission on April 28, 2020. The reports were conducted in accordance with *Government Auditing Standards* and state law.

The ALPLM is responsible for the operation and maintenance of the ALPLM site. The ALPLM does the following:

- 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;
- Encourages historical literacy through an ambitious agenda of changing exhibits, conferences, lectures, educational outreach and on-line programming; and
- Serves as a strategic tourist destination that improves the regional and state economy.

Effective July 1, 2017, Exec. Order 20017-01 abolished the (HPA) Historic Preservation Agency and transferred all the powers, duties, functions and responsibilities of HPA to the ALPLM except for the Historic Preservation to DNR. The ALPLM became a state agency by Public Act 100-120 effective August 18, 2017, that superseded EO 2017-1. Prior to becoming a state agency, the ALPLM was a division under HPA. The prior HPA audit report contained 19 findings. This is the first compliance examination of the ALPLM.

The last time that the LAC reviewed the HPA was August 2016.

Acting Director Melissa Coultas will serve until June when a new director will take the helm. The former director, Alan Lowe, served during the examination timeframe. Mr. Lowe was fired in 2019 after loaning relics, including a copy of the Gettysburg Address, for a popup exhibit in Texas run by conservative media personality Glenn Beck. Details of the loan were first reported by *Illinois Times*, with the state inspector general's office later finding that insufficient safeguards were put in place to endure the safety of artifacts.

**REVIEW: 4508**

The new director will be Christina Shutt, who is currently director of the Mosaic Templars Cultural Center in Little Rock, Arkansas, who is to become the 5th director of the ALPLM, which opened in 2005.

The average number of employees at the years indicated was as follows:

	<b>2017</b>	<b>2018</b>	<b>2019</b>
Abraham Lincoln Presidential Library & Museum	0 (Under HPA)	70	74

**Expenditures from Appropriations**

The General Assembly appropriated a total of \$10.9 million to the ALPLM in FY18 and \$12 million in FY19. Appendix B summarizes appropriations and expenditures for the period under review. Total expenditures were \$10.3 million in FY18 compared to \$10.5 million in FY19, an increase of \$225,000, or .02%.

The major increase is because The ALPLM was given \$2.5 million from the Tourism Promotion Fund in FY19 and not FY18.

The lapsed balances were \$665,620 in FY18 and \$1.54 million in FY19. Over \$1.5 million of that was from the Presidential Library and Museum Operating Fund.

**Cash Receipts**

Appendix C provides a summary of cash receipts for FY18-19 which totaled \$2 million in FY18 and \$2.2 million in FY19. The main reason for the increase in FY19 was due to a \$265,075 grant for the Stevenson room exhibit (Adlai Stevenson I, II items). Most of the receipts decreased in FY19 due to the ALPLM not being open during weekends nor holidays. The largest receipt categories are admission fees, miscellaneous and rental.

The ALPLM recorded cash receipts of \$2,011,225 and refunds of \$330 for Fiscal Year 2018 and cash receipts of \$2,192,673 and refunds of \$1,746 for Fiscal Year 2019.

**State Property**

Appendix D provides a summary of state property in FY18-19. The balance at the end of FY18 for state property was \$150.3 million compared to \$150.5 million at the end of FY19. The ALPLM has a vast collection of artifacts, historical documents, artwork, etc.

## **Memorandum of Understanding**

The ALPLM has a MOU with the Abraham Lincoln Presidential Library and Museum Foundation that formalizes the relationship between the 2 entities in accordance to state law under the ALPLM Act (20 ILCS 3475). The term of the MOU was from July 1, 2016-March 2, 2020.

### **Accountants' Findings and Recommendations**

Condensed below are the 15 findings and recommendations included in the audit report. The following recommendations are classified on the basis of updated information provided by the Abraham Lincoln Presidential Library and Museum, in a memo received via electronic mail on April 1, 2021.

- 1. Recommend ALPLM 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.**

**Finding:** The ALPLM did not maintain adequate internal controls over receipts and refunds.

During testing, the following conditions were noted:

- ALPLM did not maintain proper segregation of custody and recordkeeping duties over receipt collection and processing for facility rental and parking fee revenues. For the facility rental, one employee was responsible for 1) accepting customer bookings, 2) recording of receivables and payments, and 3) depositing checks. While for the parking fee revenues, one person was responsible for 1) preparing the receivable reconciliation, 2) depositing checks, and 3) preparing Receipt Deposit Transmittals (RDTs).
- One of four (25%) refunds tested, totaling \$1,148, was deposited 75 days late.
- Copy petitions revenue of \$24,279 for Fiscal Year 2018 and \$11,091 for Fiscal Year 2019, were not deposited into the State Treasury as of the end of the respective fiscal year and therefore were not included as revenue on the Monthly Revenue Status Report (SB04).
- Seven of 60 (12%) receipts tested, totaling \$27,720, were deposited between 1 to 20 days late.
- 19 of 60 (32%) receipts tested, totaling \$213,946, did not include any documentation to support the date the receipt was received. Therefore, timeliness of the deposit could not be determined.

## REVIEW: 4508

- Two of 60 (3%) receipts tested, totaling \$53,189, have RDTs which were sent to the Illinois Office of the Comptroller (IOC) 12 and 19 days after the State Treasurer issued the Treasurer's Draft.
- Four of 60 (7%) receipts tested, totaling \$8,748, have incorrect revenue codes.
- Eight of 60 (13%) receipts tested, totaling \$55,692, did not include supporting documentation for the receipts. Therefore, accuracy of receipt reporting could not be determined.
- One of 60 (2%) receipts tested, totaling \$11,273, had no Treasurer's Draft nor a clearing activity report. Therefore, timeliness of RDT submission could not be verified. In addition, ALPLM was unable to provide supporting documentation for \$3,503 of this receipt.

ALPLM officials stated the issues noted were due to staffing shortages and clerical errors.

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 ALPLM records and the submission of inaccurate financial information to the IOC. (Finding Code No. 2019-001)

**Response:** Accepted. The ALPLM is currently establishing formal policies and procedures to ensure that there is a segregation of duties over the receipt process and that all documentation to support receipt and refund activities is preserved and readily accessible. The ALPLM has also already implemented supervisory review over all reporting and transaction processing functions.

**Updated Response:** Partially Implemented.

2. **Recommend ALPLM improve its controls over property and equipment to comply with applicable laws and regulations. Specifically, ALPLM should implement procedures to ensure all equipment transactions are recorded timely and accurately, and documentation is retained. It is further recommended ALPLM include a supervisory review process in its procedures to ensure clerical, technical, and other errors are promptly detected and corrected.**

**Finding:** ALPLM did not maintain sufficient controls over its property and related fiscal records.

Due to these conditions, we were unable to conclude whether ALPLM'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 ALPLM's equipment. In addition, due to these limitations, we were unable to

## REVIEW: 4508

conclude ALPLM's Schedule of Changes in State Property was complete and appropriately reported.

Auditors selected 25 items of equipment from ALPLM's detailed list of equipment and requested to physically examine the items:

- Two (8%) items (a television and a dictionary set), with a total value of \$5,024, could not be located.
  - Two (8%) items (a desk and a table), with a total value of \$35,892, were found in a different location than noted on the property records.
  - One (4%) item (a mobile stage), with a recorded value of \$1,000, had a different tag number than the tag number listed on ALPLM's detailed list of equipment.
- Auditors selected 25 items of equipment from various locations within ALPLM to verify they were included on the ALPLM's property control records. It is noted one (4%) item (a mobile stage), with a recorded value of \$1,000, had a different tag number than the tag number listed on the ALPLM's detailed list of equipment.
  - 9 of 12 (75%) equipment vouchers tested, totaling \$95,405, were not capitalized and were not added to the property listing.
  - The Form C-15s submitted to the IOC for FY18-19 were inaccurate. ALPLM did not include all additions and deletions of equipment during the examination period and the Form C-15s included items below the reporting threshold not considered as high theft. In addition, ALPLM was unable to reconcile equipment expenditures noted on the IOC's Object Expense/Expenditures by Quarter Report (SA02) for the FY18-19 with the amount of additions reported on the Form C-15s.
  - The annual inventory certification filed with CMS for both FY18-19 were inaccurate. ALPLM did not include all additions and deletions of equipment during the examination period. Both annual certifications included items below the reporting threshold and not considered as high theft totaling \$1.24 million for FY18 and \$1.18 million for FY19.

ALPLM officials stated weaknesses noted in property control are due to the transition of being a new agency from the HPA and lack of staffing.

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 reporting. (Finding Code No. 2019-002)

**Response:** Accepted. The ALPLM is currently updating policies and procedures to ensure compliance with property control laws and regulations. The updates will include necessary provisions to ensure that all equipment transactions are recorded timely and with great accuracy.

**REVIEW: 4508**

**Updated Response:** Partially Implemented. Additionally, the ALPLM is cleaning its asset data in preparation for migration to the IL ACTS system maintained by DoIT, which will enable ALPLM to leverage existing controls and processes.

**3. Recommend ALPLM comply with its policy regarding loans of museum collections.**

**Finding:** ALPLM did not comply with its Museum Collections Policy.

ALPLM allows loan of museum collections to enhance the mission of ALPLM to preserve the heritage of Illinois and educate the public. ALPLM had a total of 10 outgoing loans of museum collections during FY18-19.

During our testing, it is noted 1 of 3 (33%) museum collection loans tested did not have a written loan request which should provide the following details: reason for the loan, exhibit details, proposed loan dates, proposed travel/shipping arrangements, insurance arrangements, and list of any other participating institutions. In addition, it is also noted the borrower did not submit the required American Association of Museums Standard Facility Report.

ALPLM officials stated the loan was processed despite lack of required documentation due to the directive of the Executive Director.

By not maintaining complete and appropriate documentation for collections loaned out, the collections are at risk for theft, damage, and unauthorized use. (Finding Code No. 2019-003)

**Response:** Accepted. The ALPLM is aware of the Museum Collections Policy and is working with appropriate staff to ensure its complete compliance for future loans. Additionally, further safeguards are being discussed within the executive team and a new Collections Committee.

**Updated Response:** Implemented. The ALPLM Board of Trustees has approved a clarifying, up to date, modern Collections Policy with limits to flexibility among individual employee decisions. Per the new Collections Policy, all loan documentation, including the letter of request and the recommendation forms will be kept in both digital and hard copy format.

**4. Recommend ALPLM ensure appropriation, expenditures, cash receipt, and cash balance reconciliations are prepared timely and properly reviewed.**

**Finding:** ALPLM did not maintain adequate controls over monthly reconciliations.

During testing, auditors noted the following:

## REVIEW: 4508

- Monthly Appropriation Status Report (SB01) reconciliations were not performed for 22 of 24 (92%) months tested during the examination period. The SB01 reconciliations for May 2019 and June 2019 were performed 41 to 71 days late. Both reconciliations were not reviewed.
- The Object Expense/Expenditures by Quarter Report (SA02) reconciliations were not performed for each month of FY18-19. Subsequent to June 30, 2019, ALPLM performed an annual SA02 reconciliation for FY18, 401 days late. However, there is no evidence of review.
- ALPLM did not perform the Monthly Revenue Status Report (SB04) and Monthly Cash Report (SB05) reconciliations for each month of FY18-19.

ALPLM officials stated the uncompleted and untimely reconciliations were the result of staffing shortages and reconciliations were not independently reviewed due to the lack of staff.

Failure to timely prepare, review, and document monthly reconciliations could lead to unresolved differences between ALPLM and Illinois Office of the Comptroller 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. 2019-004)

**Response:** Accepted. The ALPLM is currently updating policies and procedures to ensure that monthly reconciliations are done timely.

**Updated Response:** Partially Implemented.

5. **Recommend ALPLM establish an adequate program for the economical and efficient management of records and recommend ALPLM follow guidelines established by the Secretary of State in regards to the retention of records.**

**Finding:** ALPLM failed to maintain an adequate records management program.

During testing of ALPLM's records management activities, auditors noted the following:

- The ALPLM's retention schedule and policy had been drafted awaiting approval by the Executive Director.
- ALPLM still maintained documentation as early as August 2005.
- ALPLM was unable to provide documents, reports, and/or supporting documentation for various compliance testing performed for FY18-19. See Findings 2019-001 to 2019-003, 2019-008, 2019-012, and 2019-014.

**REVIEW: 4508**

ALPLM officials stated it took a while for the Records Retention Officer to revise the records retention policy when ALPLM was created and other exceptions noted were due to lack of staffing.

Failure to maintain an adequate records management program is noncompliance with state statute and could lead to ALPLM being unable to determine the records it maintains. In addition, maintaining excessive records may subject ALPLM to unnecessary liabilities. (Finding Code No. 2019-005)

**Response:** Accepted. The ALPLM has internally approved a records retention policy and schedule and it is waiting for State Records Commission adoption of the policy.

**Updated Response:** Implemented. In September 2020, the Illinois State Records Advisory Board approved Application 18-80 (Records Retention Schedule for the ALPLM). The 91-page document covers the wide variety of state documents generated by an institution unlike most others operating under the Illinois Governor's Office.

**6. Recommend ALPLM complete employee performance evaluations in accordance with the Code and ALPLM policy.**

**Finding:** ALPLM did not exercise adequate control over employee performance evaluations.

Specifically, auditors noted during testing of 21 performance evaluations for 13 ALPLM employees the following exceptions:

- Three (14%) performance evaluations for the period tested were not completed. One performance evaluation pertained to FY18 and two performance evaluations pertained to FY19.
- Fourteen (67%) performance evaluations for the period tested were not completed timely. The employee evaluations were completed between 2 and 530 days late.

ALPLM officials stated the non-performance and untimely completion of performance evaluations was due to turnover in supervisory positions and oversight.

Employee performance evaluations are a systematic and uniform approach for the development of employees and communication of performance expectations to employees. Employee performance evaluations serve as a foundation and documentation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance, and areas for improvement and current year's performance goals and objectives may not be identified and communicated in a timely manner. (Finding Code No. 2019-006)

**REVIEW: 4508**

**Response:** Accepted. The non-performance and untimely completion of performance evaluations were due to turnover in supervisory positions and oversight. The ALPLM has reminded managers that evaluations are a critical part of their duties. The Human Resources division is implementing a new procedure where supervisors will be notified of evaluation dates at the time the employee is hired. Internal checklists are being updated to ensure these dates are regularly communicated.

**Updated Response:** Implemented. ALPLM continues to remind supervisors of the importance of completion of employee evaluations. The Human Resources Division has implemented a tickler system on a shared calendar so that supervisors are notified of evaluation due dates. Internal checklists are being updated to ensure these dates are regularly communicated.

7. **Recommend ALPLM establish an ongoing fraud risk assessment program, specifically recommend ALPLM 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. ALPLM 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, ALPLM's executive staff should evaluate management's identification of significant fraud risks and the implementation of fraud risk preventions measures.**

**Finding:** ALPLM did not develop a formal, adequate fraud risk assessment program.

ALPLM relied on current internal controls to identify and mitigate significant fraud risks. However, ALPLM did not establish a formal, comprehensive, written risk assessment policy to assess specific risks associated with fraud.

ALPLM officials indicated a formal fraud risk assessment program was not completed due to competing priorities.

Without an adequate program to identify and address fraud risks specific to the ALPLM, certain risks of fraud may go undetected and could result in misstatements in ALPLM's financial reporting, misappropriation of ALPLM assets, or significant reputational damage. (Finding Code No. 2019-007)

**Response:** Accepted. The ALPLM has plans to work with executive staff to develop and implement a formal fraud risk assessment program with internal controls to help prevent and detect significant risks.

**Updated Response:** Partially Implemented.

- 8. Recommend ALPLM develop an investment policy related to the Hostick Fund and ensure compliance with the State Agency Investment Policy. In addition, recommend ALPLM comply with the requirements of the Act by posting the required information on its website, to include the ALPLM's approved broker.**

**Finding:** ALPLM did not exercise adequate controls over its investment of public funds activities.

ALPLM maintained a locally held fund (Hostick Fund) which included cash and investments related to estate proceeds. As of June 30, 2018 and June 30, 2019, the Hostick Fund had a balance of \$2,991,876 and \$3,117,170, respectively.

During testing, auditors noted ALPLM did not implement an investment policy related to the investment of funds received for the Hostick Fund. By default, the Hostick Fund was subject to the State Agency Investment Policy for Investments Not Under the Control of the Illinois State Treasurer's Office (State Agency Investment Policy) developed by the Illinois State Treasurer's Office (Treasurer). It is noted ALPLM was not in compliance with the State Agency Investment Policy as follows:

- ALPLM did not maintain support documenting the ALPLM Executive Director's selection and approval of the investment management firm responsible for investing the locally held fund. In addition, ALPLM was unable to provide a contract between ALPLM and the investment management firm to support the agreement on the rights, duties, and accountability of the parties involved. Only a letter of authorization and trustee certificate were provided as support on the ALPLM's acceptance of the investment management firm services.
- The investment management firm utilized by ALPLM was not listed as an approved broker by the Treasurer.
- ALPLM did not maintain an adequate system of internal controls over investment of public funds. ALPLM did not have operational procedures as required by the State Agency Investment Policy.

In addition, auditors also noted ALPLM posted investment related information to its website. However, the name of the ALPLM's approved broker was missing in the posted information.

ALPLM officials stated the issues noted were due to oversight and lack of staffing resources.

Failure to comply with 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

**REVIEW: 4508**

limits transparency related to the investment of public money by the state. (Finding Code No. 2019-008)

**Response:** Accepted. The ALPLM has plans to develop a formal investment policy in compliance with all aspects of the State Agency Investment Policy for the Hostick Fund.

**Updated Response:** Partially Implemented.

**9. Recommend ALPLM implement procedures to ensure contracts are in compliance with the Illinois Procurement Code. In addition, recommend ALPLM perform monthly reconciliations of SC14 and SC15 Reports as required by SAMS.**

**Finding:** ALPLM did not maintain adequate controls over its contracts.

During review of two contract agreements:

- A contract in the amount of \$24,000, for the purchase of two printers, was executed 54 days after the purchase was made.
- A contract in the amount of \$492,500, for the renovation and upgrade of the Library, did not have a Procurement Business Case or support of approval by the CMS.

In addition, ALPLM did not perform the reconciliations of the monthly Agency Contract Report (SC14 Report) and the monthly Obligation Activity Report (SC15 Report) for both FY18-19.

ALPLM officials stated the issues noted on contracts were due to oversight.

Failure to have a written contract prior to services or supplies delivered could lead to ALPLM not being able to enforce its rights to the other contracting party. Without the Procurement Business Case, the contract may not be properly authorized or approved by the State Purchasing Officer. In addition, failure to perform required reconciliations could lead to unresolved differences between ALPLM and IOC records. (Finding Code No. 2019-009)

**Response:** Accepted. The ALPLM is working to develop written policies and procedures as well as staff training to ensure that all contracts are in compliance with the Illinois Procurement Code. The ALPLM is also working to ensure that all required monthly reconciliations are done timely.

**Updated Response:** Partially Implemented.

**REVIEW: 4508**

**10. Recommend ALPLM ensure timely submission of its certification of internal controls to the Office of the Auditor General.**

**Finding:** ALPLM did not timely file its annual internal control certification with the Office of the Auditor General for FY18 nor FY19.

The FY18 and FY19 certifications were submitted 510 and 145 days late, respectively.

ALPLM officials stated the late submission of the annual internal control certifications was due to oversight.

Failure to perform and then certify the completion of a timely evaluation of the ALPLM's internal fiscal and administrative controls hinders identification and correction of any internal control deficiencies and represents noncompliance with the Act. (Finding Code No. 2019-010)

**Response:** Accepted. The ALPLM Fiscal Department is working to develop a calendar with all required reports and certifications and their due dates to ensure all required reports and certifications are filed timely.

**Updated Response:** Implemented. The Fiscal Division has developed a calendar of all required reports and certifications, and reviews this calendar weekly for upcoming deadlines to ensure all required reports and certifications are filed timely.

**11. Recommend ALPLM implement procedures to determine potential cash on-hand and report all cash on-hand to IOC in its annual GAAP packages. In addition, ALPLM should capture all cash on-hand items as reconciling items during preparation of SB04 and SB05 report reconciliations to ensure no discrepancies exists between IOC and ALPLM records.**

**Finding:** ALPLM did not establish a process to determine cash on-hand to report to the Illinois Office of the Comptroller (IOC).

During testing, auditors noted ALPLM failed to perform an analysis of potential cash on-hand at the end of FY18 and FY19. Auditors noted the following items generate potential cash on-hand:

- Copy petitions (copy fee revenues) collected by ALPLM, but not yet deposited to the State Treasury.
- Unexpended petty cash and change fund balances.

For FY18-19, ALPLM administered one petty cash fund, 6 change funds, and one clearing account. Cash on-hand was not reported to the IOC for any of the funds as part of the Statewide GAAP reporting process. The amount of cash on-hand at the end of the FY18-

**REVIEW: 4508**

19 could not be determined due to ALPLM not performing monthly Revenue Status Report reconciliations (see Finding 2019-004). Below is a summary of amounts (in thousands) we believe should have been reported vs. the amounts that were reported by ALPLM:

<b><u>Fund 776 (ALPLM Ops)</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Cash Held by State Treasurer	\$ 1,116	\$ 1,792
Petty cash account	1	1
Change fund account	6	6
Clearing account	25	36
Total	1,148	1,835
Amount reported by ALPLM (SCO 534)	1,128	1,803
Difference	\$ 20	\$ 32

ALPLM officials stated the issue noted was due to failure to communicate the necessary information to the contractor that completed the GAAP packages for ALPLM.

Failure to report cash on-hand results in non-compliance with SAMS and misstatements in the Statewide GAAP reporting process. (Finding Code No. 2019-011)

**Response:** Accepted. The ALPLM has plans to implement formal procedures to determine cash-on-hand, these procedures will include timely and accurate reporting to the IOC. The ALPLM is also planning on ensuring that all required monthly reconciliations are done accurately and completed on time.

**Updated Response:** Partially Implemented.

**12. Recommend ALPLM 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 SAMS.**

**Finding:** ALPLM had inadequate controls over receivables and did not report all receivables to the Illinois Office of the Comptroller (IOC).

Auditors noted ALPLM had 2 types of receivables during the examination period: parking garage revenue and facility rental revenue. During testing, auditors noted the following:

- Facility rental receivables were not included on the Quarterly Summary of Accounts Receivable – Accounts Receivable Activity (Form C-97) for all quarters of FY18-19 submitted to the IOC. Total facility rental receipts reported by ALPLM for Fiscal Years 2018 and 2019 were \$102,866 and 96,024, respectively. It could not determine the potential receivable per quarter for FY18-19 since ALPLM did not generate the Facilities Rental Aging Report for each quarter.

## REVIEW: 4508

- On its June 30, 2018 and June 30, 2019 Form C-97s filed with the IOC, ALPLM reported total net parking receivables for Fund 776 of \$15,120 and \$14,938, respectively. The parking receivables for the last month of each quarter were excluded on the Form C-97 for the quarter and only reported in the succeeding quarter's Form C-97.
- The parking receivables for both FY18-19 reported on Form C-97 included a \$7,000 beginning balance without any supporting documentation and had not been subsequently collected. This amount is being reported as "Current" to IOC on the C-97's each quarter.

ALPLM officials stated the non-inclusion of the facility rental receivables on Form C-97 was due to miscommunication between the Fiscal office and the Facility Rental office. Additionally, ALPLM officials stated issues noted on the parking receivables were due to a delay in the receipt of monthly parking statements provided by a third party and oversight.

Failure to track and record accounts receivable shows a lack of accountability on the part of ALPLM and hinders its ability to monitor past due accounts and may result in loss of revenue and inaccurate reporting to IOC. (Finding Code No. 2019-012)

**Response:** Accepted. The ALPLM has plans to implement policies and procedures to identify and manage all revenue sources which generate account receivable. The procedures will include proper recording and reporting policies.

**Updated Response:** Partially Implemented.

13. **Recommend ALPLM improve its procedures to ensure all vouchers are timely approved and processed for payment. In addition, also recommend ALPLM document the receipt of a proper bill, ensure that proper prompt payment interest is paid when required, and also coded with the correct detail object code.**

**Finding:** ALPLM did not have adequate controls over voucher processing.

During examination, auditors tested 163 vouchers for expenditures, totaling \$1,918,483.

Of the total vouchers, 80 vouchers, totaling \$1,432,322, were tested for compliance with general voucher requirements, and noted the following:

- 20 (25%) vouchers tested, totaling \$153,692, were approved more than 30 days after receipt of a proper bill. These vouchers were approved for payment 4 to 96 days late.
- Nine (11%) vouchers tested, totaling \$243,001, were paid more than 90 days after receipt of a proper bill. ALPLM failed to process an additional voucher to pay the

**REVIEW: 4508**

vendor required interest totaling \$5,591.

- Six (8%) vouchers tested, totaling \$40,723, included no evidence they had been approved by the ALPLM head or designee.
- One (1%) voucher tested, totaling \$24,000, did not document the receipt date of the invoice; thus, timeliness of approval and payment could not be determined.
- One (1%) voucher tested, totaling \$5,682, was charged to an incorrect detail object code.

ALPLM officials stated the exceptions were due to clerical errors and oversight. Additionally, ALPLM officials stated interest payments are automatically calculated in ERP/SAP and as there were no calculations made, ALPLM did not pay any interest subject to the State Prompt Payment Act.

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. Further, improper coding on vouchers could lead to inaccurate financial reporting. (Finding Code No. 2019-013)

**Response:** Accepted. The ALPLM has already worked to improve the accounts payable process through updated procedures and staff training. The procedures include requirements of documenting the receipt of a proper bill. A user friendly detail object code spreadsheet has been distributed to those responsible for processing and reviewing invoices to ensure that the accurate detail object code is used for each item.

**Updated Response:** Partially Implemented.

- 14. Recommend ALPLM improve its procedures to ensure proper reporting of the activities of its locally held fund to the IOC on quarterly Form C-17s and maintain supporting documentation of the amounts reported. Also recommend ALPLM ensure locally held fund expenditures are properly approved and monthly reconciliations are performed.**

**Finding:** ALPLM did not have adequate controls over its locally held fund reporting.

During testing of the Report of Receipts and Disbursements for Locally Held Funds (Form C-17), auditors noted the following:

- For one of eight (13%) quarterly Form C-17s tested, ALPLM used an incorrect beginning balance resulting in an understatement of the ending balance of \$215,472.

## REVIEW: 4508

- For five of eight (63%) quarterly Form C-17s tested, we noted differences between the Form C-17s and quarterly statements reports. ALPLM was unable to provide documentation for the differences noted which ranged from \$467 to \$305,408.
- ALPLM did not perform monthly reconciliations of the locally held fund.

In addition, during our testing of locally held fund expenditures, noted 47 of 47 (100%) expenditures tested, totaling \$245,312, had no documentation of approval to ensure expenditures were proper and aligned with the purpose of the Hostick Fund.

ALPLM officials stated the issues noted were the result of staffing shortages and oversight.

Inadequate controls over locally held fund reporting could lead to unresolved differences between ALPLM and IOC records, inaccurate financial reporting, and increases the opportunity for misappropriation of State assets. (Finding Code No. 2019-014)

**Response:** Accepted. The ALPLM has plans to update policies and procedures to ensure that all reporting deadlines are met. The policies and procedures will also include provisions to ensure that all locally held fund expenditures are properly approved and monthly reconciliations are performed.

**Updated Response:** Implemented. ALPLM maintains a spreadsheet for its locally held fund, which is used to record and maintain documentation of amounts reported, compile quarterly C-17s, and reconcile ALPLM records with monthly account statements. ALPLM has adopted an internal Expenditure Request Form and related procedures to ensure expenditures are properly approved.

### 15. Recommend ALPLM:

- **Assess fully each of its programs accepting credit card payments and match the methods of payment to the appropriate Self-Assessment Questionnaire (SAQ).**
- **Complete annually the SAQ for payments received through the Treasurer's E-Pay program and submit annual compliance documentation to the Treasurer's E-Pay program vendor.**
- **Obtain annually the Attestation of Compliance (AOC) of its third-party service providers utilized in processing credit card transactions.**

**Finding:** ALPLM had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS).

ALPLM accepted credit card payments for visitor transactions at ALPLM. The credit card receipts for FY18 and FY19 were approximately \$1.0 million for each fiscal year with the volume of transactions ranging from 34,000 to 36,000.

## REVIEW: 4508

During review of ALPLM's efforts to ensure compliance with PCI DSS, auditors noted the following:

- ALPLM had not fully assessed each program accepting credit card payments and matched the methods of payment to the appropriate Self-Assessment Questionnaire (SAQ). For instance, per PCI DSS requirements, at a minimum SAQ A must be completed for all entities, including entities using ePAY. ALPLM had not completed SAQ A for either FY. Only SAQ C was completed for FY18 and none for FY19.
- ALPLM had not completed an annual SAQ for payments received through the Treasurer's E-Pay program or submit annual compliance documentation to the Treasurer's E-Pay program vendor.
- ALPLM had not obtained the annual Attestation of Compliance (AOC) of its third-party service providers utilized in processing credit card transactions.

ALPLM officials indicated they were unaware of the PCI requirements.

Confidential and personally identifiable information collected by ALPLM should be adequately secured at all times. Failure to establish and maintain adequate procedures to handle and protect confidential and personally identifiable information could result in identity theft or other unintended use. (Finding Code No. 2019-015)

**Response:** Accepted. The ALPLM will work to obtain the annual Attestation of Compliance for the third-party service providers and will also work to ensure the appropriate Self-Assessment Questionnaires are completed annually.

**Updated Response:** Partially Implemented.

### Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State Property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and

## **REVIEW: 4508**

provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 5 calendar days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file affidavits or statements with the Procurement Policy Board and the Auditor General setting forth the amount expended (or an estimate of the total cost), the name of the contractor involved, and the conditions and circumstances requiring the emergency purchase. The Code also allows for quick purchases. The Legislative Audit 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.

In FY19, the ALPLM spent \$21,575 for relocation of furniture and microfilm for cleaning around Dec. 17, 2018.

### **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 its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time. ALPLM indicated that in both 2018 and 2019, 0 employees assigned to locations other than official headquarters.

**REVIEW: 4508**  
**ABRAHAM LINCOLN PRESIDENTIAL LIBRARY AND MUSEUM**  
**TWO YEARS ENDED JUNE 30, 2019**

**APPENDIX A**

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**Annual Statistics**

**FY18**

**FY19**

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**Input Indicators**

Total Expenditures-State appropriated funds	\$ 5,140		\$ 7,668
Average monthly full-time equivalents	43		62

**Outcome Indicators**

Cleanliness and appearance of facilities through a survey instrument	93%		95%
Number of visitors to the Library	39,825		39,600
Number of visitors to the Museum	252,132		232,704

REVIEW: 4508  
 ABRAHAM LINCOLN PRESIDENTIAL LIBRARY AND MUSEUM  
 TWO YEARS ENDED JUNE 30, 2019

APPENDIX B

**Summary of Appropriations and Expenditures**

<b><u>General Revenue Fund</u></b>	<b><u>FY18</u></b>	<b><u>FY19</u></b>
Appropriation (Net of Transfers)	\$ 8,445,200	\$ 7,044,100
<b><u>Expenditures</u></b>		
Lump sums and other purposes - ordinary and contingent expenses	8,445,199	6,898,293
Lump sum other purposes - unpaid wages	-	\$ 143,521
<b>Total Expenditures</b>	<b>\$ 8,445,199</b>	<b>\$ 7,041,814</b>
<b><u>Lapsed Balances</u></b>	<b>\$ 1</b>	<b>\$ 2,286</b>
<b>Tourism Promotion Fund</b>		
Appropriation (Net of Transfers)	-	\$ 2,500,000
<b><u>Expenditures</u></b>		
Lump sums and other purposes - ordinary and contingent expenses	-	2,476,925
<b><u>Lapsed Balances</u></b>	<b>-</b>	<b>\$ 23,075</b>
<b>Presidential Library and Museum Operating Fund</b>		
Appropriation (Net of Transfers)	2,500,000	2,500,000
<b><u>Expenditures</u></b>		
Lump sums and other purposes - ordinary and contingent expenses	\$ 1,834,381	\$ 985,925
<b><u>Lapsed Balances</u></b>	<b>\$ 665,619</b>	<b>\$ 1,514,075</b>
<b><u>Grand Total - All Appropriated Funds</u></b>		
Appropriation (Net of Transfers)	\$ 10,945,200	\$ 12,044,100
Expenditures	10,279,580	10,504,664
Lapsed Balances	\$ 665,620	\$ 1,539,436

**REVIEW: 4508**  
**ABRAHAM LINCOLN PRESIDENTIAL LIBRARY AND MUSEUM**  
**TWO YEARS ENDED JUNE 30, 2019**

**APPENDIX C**

**Cash Receipts**

<b><u>General Revenue Fund</u></b>	<b><u>FY18</u></b>	<b><u>FY19</u></b>
Natural Resources		
Total cash receipts per Agency	-	\$ 14,336
Plus - In transit at Beginning of Year	-	-
Less - In transit at End of Year	-	-
<b>Total cash receipts per State Comptroller's Records</b>	<b><u>\$ -</u></b>	<b><u>\$ 14,336</u></b>
<b><u>Presidential Library &amp; Museum Operating Fund</u></b>		
Admission Fees	\$ 1,622,596	\$ 1,595,371
Parking Fees	68,314	66,824
Miscellaneous	180,479	153,261
Donation Box	19,837	1,491
Property Rental	102,866	96,024
Reimbursement - Jury Duty, Phones	33	-
Concession Revenue	-	37
Concession Revenue - Food	-	211
Returned Petty Cash Fund	100	-
Secretary of State	-	265,075
Prior Year Refund	-	42
Copy Petitions & Materials	17,000	-
Total cash receipts per Agency		
Plus - In transit at Beginning of Year	-	-
Less - In transit at End of Year	-	-
<b>Total cash receipts per State Comptroller's Records</b>	<b><u>\$ 2,011,225</u></b>	<b><u>\$ 2,178,336</u></b>
<b>Grant Total - All Funds</b>		
Total cash receipts per Agency	\$ 2,011,225	\$ 2,192,673
Plus - In transit at Beginning of Year	-	-
Less - In transit at End of Year	-	-
<b>Total cash receipts per State Comptroller's Records</b>	<b><u>\$ 2,011,225</u></b>	<b><u>\$ 2,192,673</u></b>

**NOTE:**

**Secretary of State**

The receipts increased by \$265,075 or 100% between Fiscal Year 2018 and Fiscal Year 2019. In May 2019, ALPLM received a State grant of \$265,075 from the Office of the Secretary of State for the Stevenson room exhibit (P.A. 100-0586, Sec 350). The grant term is effective October 1, 2018 through June 30, 2019.

**REVIEW: 4508**  
**ABRAHAM LINCOLN PRESIDENTIAL LIBRARY AND MUSEUM**  
**TWO YEARS ENDED JUNE 30, 2019**

**APPENDIX D**

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**Summary of State Property**

	<b>FY18</b>	<b>FY19</b>
<b>Beginning Balance, June 30</b>	<b>\$ 150,376,410</b>	<b>\$ 150,323,499</b>
Additions	1,863	-
Deletions	(60,571)	(200)
Net Transfers	5,797	208,740
<b>Ending Balance, June 30</b>	<b>\$ 150,323,499</b>	<b>150,532,039</b>