



**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL**

**COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021**

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

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021**

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**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL**

**COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021**

COUNCIL OFFICIALS

Executive Director
Chief Fiscal Officer

Joshua Davis-Ruperto
Yazoo Hall

GOVERNING BOARD MEMBERS

Chair
Secretary
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member

Rhoda Pierce
Nora Daley
Les Begay
Joan Clifford
Michael Conn
Richard Daniels
Gillian Flynn
Henry Godinez
Sarah Herda
Anne Kaplan
Jodie Kavensky
Valerie King
Shirley Madigan
Robert Maguire
Peggy Montes
Pemon Rami
Christine Steelman

COUNCIL OFFICE

The Illinois Arts Council's primary administrative office is located at:

James R. Thompson Center
100 West Randolph Street
Suite 10-500
Chicago, IL 60601-3298



JB Pritzker
Governor

Rhoda A. Pierce
Chair

Joshua Davis-Ruperto
Executive Director

MANAGEMENT ASSERTION LETTER

May 5, 2022

Adelfia LLC
Certified Public Accountants
400 E. Randolph Street, Suite 700
Chicago, Illinois 60601

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 the operations of the State of Illinois, Illinois Arts Council (Council). 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 Council's compliance with the following specified requirements during the two-year period ended June 30, 2021. Based on this evaluation, we assert that during the years ended June 30, 2020, and June 30, 2021, the Council has materially complied with the specified requirements listed below.

- A. The Council 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 Council 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 Council 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 Council 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 Council on behalf of the State or held in trust by the Council have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Illinois Arts Council

SIGNED ORIGINAL ON FILE

Joshua Davis
Executive Director

SIGNED ORIGINAL ON FILE

Yazoo Hall
Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Rhoda Pierce
Chair

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021**

STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this 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*.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current</u>	<u>Prior</u>
Findings	<u>Report</u>	<u>Report</u>
Findings	7	4
Repeated Findings	2	1
Prior Recommendations Implemented or Not Repeated	2	5

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First</u>	<u>Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings					
2021-001	9	2019/2007		Failure to Adopt Formal Rules for Agency and Grant Procedures	Significant Deficiency and Noncompliance
2021-002	10	2019/2019		Monthly Reconciliations Not Performed	Significant Deficiency and Noncompliance
2021-003	11	New		Inadequate Controls over its State Property and Equipment	Significant Deficiency and Noncompliance
2021-004	13	New		Inadequate Controls over Accounts Receivables	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
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SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (Continued)				
2021-005	15	New	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2021-006	17	New	Lack of Adequate Controls over the Review of Internal Controls over Service Providers	Significant Deficiency and Noncompliance
2021-007	19	New	Lack of Disaster Contingency Planning	Significant Deficiency and Noncompliance

Prior Findings Not Repeated

A	20	2019/2019	Grants Awarded Information was Not Published Timely
B	20	2019/2019	Inadequate Maintenance of Personnel Files

EXIT CONFERENCE

The Illinois Arts Council (Council) waived an exit conference in correspondences from Joshua Davis-Ruperto, Executive Director and Yazoo Hall, Chief Fiscal Officer, on March 25, 2022. The responses to the recommendations were provided by Yazoo Hall, Chief Fiscal Officer, in a correspondence dated April 4, 2022.



INDEPENDENT ACCOUNTANT’S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Illinois Arts Council

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Illinois Arts Council (Council) with the specified 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 two years ended June 30, 2021. Management of the Council is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Council’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Council 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 Council 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 Council 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 Council 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 Council on behalf of the State or held in trust by the Council 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*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Council complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Council complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, 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 Council's compliance with the specified requirements.

In our opinion, the Council complied with the specified requirements during the two years ended June 30, 2021, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2021-001 through 2021-007.

The Council's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Council's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Council's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Council's compliance with the specified requirements and to test and report on the Council's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2021-001 through 2021-007 that we consider to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Council's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Council's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
May 5, 2022

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

2021-001. **FINDING** (Failure to Adopt Formal Rules for Agency and Grant Procedures)

The Illinois Arts Council (Council) did not draft or adopt formal agency rules, including rules relating to grant procedures. Grant expenditures were \$12,732,440 and \$12,168,900 for Fiscal Years 2021 and 2020, respectively.

This finding was first reported in Fiscal Year 2007. In subsequent years, the Council has been unsuccessful in adopting formal agency rules.

The Illinois Administrative Procedure Act (5 ILCS 100/5 et seq.) requires each agency to maintain and file organizational rules, including a current description of the agency's organization, current procedures for information requests, and a current description of the agency's rulemaking procedures. Additionally, the Illinois Administrative Procedure Act (5 ILCS 100/5-10) requires that policy affecting external parties be adopted and implemented through public rules to fully inform affected persons.

Council management indicated as they did in the prior year, they lack the resources to engage consultants with the expertise necessary to draft policies and procedures.

The lack of prescribed policies and procedures leaves the Council exposed to legal challenges from external parties and the lack of legitimacy to their actions and requests. (Finding Code No. 2021-001, 2019-001, 2017-001, 2015-001, 2013-001, 11-1, 09-1, 07-1)

RECOMMENDATION

We recommend the Council draft organizational rules and grant procedures, and work with the Joint Committee on Administrative Rules (JCAR) for assistance with the formal adoption process.

COUNCIL RESPONSE

The Council agrees with the finding. The Council Chairman and other Board members will continue to seek guidance from the Office of the Governor in regards to this finding. The Council meets all state and federal requirements and our internal policies do cover the important areas in JCAR rules.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

2021-002. **FINDING** (Monthly Reconciliations Not Performed)

The Illinois Arts Council (Council) did not perform monthly obligation and contract reconciliations.

The Council did not perform monthly reconciliations with the Comptroller's monthly Agency Contract Report (SC14) and monthly Obligation Activity Report (SC15) for Fiscal Year 2020 and 2021.

SAMS (Procedures 15.30.10 and 15.30.20) states each agency is required to reconcile the information reported on the SC14 or SC15 and report any discrepancies to the Comptroller.

Council Management stated that contract and obligation reconciliations were not performed due to competing priorities.

Failure to perform monthly contract and obligation reconciliations timely could result in errors or other irregularities going undetected for a significant period of time and also results in noncompliance with SAMS. (Finding Code No. 2021-002, 2019-004)

RECOMMENDATION

We recommend the Council reconcile its contracts and obligations activity in accordance with the SAMS manual.

COUNCIL RESPONSE

The Council agrees with the finding. The Council has established written procedures to ensure monthly obligation and contract reconciliations are being performed.

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SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

2021-003. **FINDING** (Inadequate Controls over its State Property and Equipment)

The Illinois Arts Council (Council) did not maintain adequate controls over its State property and equipment.

During our testing of State property and equipment, we noted the following:

- The Council underreported the value by \$437 of their only leased equipment (100%) in their Agency Report of State Property (C-15s) and in the Accounting for Leases-Lessee Form (Form SCO-560).
- Two of eight (25%) C-15 quarterly reports were not submitted timely, ranging from 12 to 64 days late.
- The Council has not adopted a written policy clearly delineating the categories of equipment considered subject to theft.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.10.30) states the leases should be capitalized and recorded as an asset of the leasing State agency. This property must also be reflected on the “Agency Report of State Property” at a cost determined by the Comptroller's Office.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.20.10) states that the report is to be filed on a quarterly basis and should be submitted to the Office of the Comptroller no later than the last day of the month following the last day of the quarter.

The Code (44 Ill. Admin Code 5010.210) states each agency is responsible for adopting policies clearly delineating categories of equipment considered to be subject to theft.

Council management indicated the exceptions noted were due to competing priorities.

Failure to maintain accurate property records increases the potential for fraud and possible loss or theft of the State property. In addition, untimely submission of C-15 reports reduces the reliability of statewide property information. Lastly, absence of policy on high-theft assets may result in employees not having proper guidance on the appropriate controls needed for these valuable assets. (Finding Code No. 2021-003)

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

RECOMMENDATION

We recommend the Council maintain accurate property records, timely submit the C-15 reports, and adopt a written policy clearly delineating the categories of equipment considered subject to theft.

COUNCIL RESPONSE

The Council agrees with the finding The Council has established written procedures to ensure adequate controls are maintained over its property records, C-15 reports are submitted timely, and to clearly delineate the categories of equipment considered subject to theft.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

2021-004. **FINDING** (Inadequate Controls over Accounts Receivables)

The Illinois Arts Council (Council) did not maintain adequate controls over Accounts Receivables.

During our testing of accounts receivables, we noted the following:

- The Council did not accurately report accounts receivable for six of eight quarters (75%). We noted differences in receivables, collections, and ending balances for the first 3 quarters of Fiscal Years 2020 and 2021, ranging from \$1,000 to \$43,000.
- The Council did not timely submit four of the 16 (25%) quarterly C-97, C-98, and C-99 accounts receivable reports to the Comptroller, ranging from 2 to 11 days late.

The Statewide Accounting Management System (SAMS) (Procedure 26.10.20) states that accounts receivables represent resources of the State or resources which the State is responsible for in a trustee capacity or as an agent of individuals, private organizations, or other governmental units. The State Collection Act (30 ILCS 210/4(d)) requires the Comptroller's Office to issue an annual accounts receivable report to the Governor and General Assembly by March 14 which covers all delinquent debt owed to each State agency as of December 31 of the previous calendar year. This report consists of schedules summarizing the State's (1) receivables by agency; (2) receivables by agency and revenue source; (3) aging of delinquent debt by agency and revenue source; and (4) collection activities for delinquent debt. Where appropriate, prior year amounts will be provided for comparison purposes.

The Statewide Accounting Management System (SAMS) (Procedure 26.30.10) describes the accounts receivable reports for State agencies. These reports provide a summary of the status of the State's receivables and related collection efforts. SAMS (Procedure 26.30.20) states that the quarterly receivables forms should be completed and submitted to the Comptroller no later than the last day of the month following the end of the quarter.

The Illinois State Collection Act of 1986 (30 ILCS 210/4(b)) states that State agencies shall report to the Comptroller information concerning their accounts receivable and uncollectible claims in accordance with the rules of the Comptroller.

Council management indicated the exceptions noted were due to competing priorities.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

Inadequate presentation of accounts receivable has resulted in the Comptroller's lack of information about the Council's current financial information. In addition, delays in reporting of accounts receivables hinders the Comptroller's timely process of reviewing and reporting receivables for all State agencies. (Finding Code No. 2021-004)

RECOMMENDATION

We recommend the Council accurately report accounts receivable and submit quarterly C-97, C-98, and C-99 accounts receivable reports to the Comptroller in a timely manner.

COUNCIL RESPONSE

The Council agrees with the finding. The Council has established written procedures to ensure the C-97, C-98 and C-99 accounts receivable reports are reported accurately and submitted to the Comptroller in a timely manner.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

2021-005. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Illinois Arts Council (Council) had not implemented adequate internal controls related to cybersecurity programs, practices and control of confidential information.

The Council adheres to and promotes its core values through advancing grant programs and special initiatives. The Council utilized the Grants Management System to track and manage grants, which contains confidential or personal data; names, addresses, Social Security numbers, etc.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the Council’s cybersecurity programs and practices, we noted the Council:

- Had not established and documented cybersecurity roles and responsibilities.
- Had not performed a formal risk assessment to identify and ensure adequate protection of information (i.e. confidential or personal information) most susceptible to attack.
- Had not classified its data to establish the types of information most susceptible to attack to ensure adequate protection.

The *Framework for Improving Critical Infrastructure Cybersecurity and the Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

Furthermore, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Council 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.

Council management indicated they believed the Department of Innovation and Technology (DoIT) was responsible for cybersecurity controls.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Council’s confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2021-005)

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

RECOMMENDATION

We recommend the Council work with DoIT to obtain a detailed understanding of responsibilities related to cybersecurity controls. Additionally, we recommend the Council:

- Establish and document cybersecurity roles and responsibilities.
- Perform a comprehensive risk assessment to identify and ensure adequate protection of confidential or personal information.
- Classify its data to establish the types of information most susceptible to attack to ensure adequate protection.

COUNCIL RESPONSE

The Council agrees with the finding. The Council will work with the Department of Innovation and Technology (DoIT) to obtain a detailed understanding of responsibilities related to cybersecurity controls.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

2021-006. **FINDING** (Lack of Adequate Controls over the Review of Internal Controls over Service Providers)

The Illinois Arts Council (Council) did not obtain or conduct timely independent internal control reviews over its service provider.

We requested the Council to provide the population of services providers utilized to determine if they had reviewed the internal controls over their service providers. In response to our request, the Council provided a listing; however, they did not provide documentation demonstrating the population was complete and accurate.

Due to these conditions, we were unable to conclude the Council's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35). Even given the population limitations noted above, we performed testing over the one service provider identified by the Council.

During our testing, we noted the Council had not:

- obtained the System and Organization Control (SOC) report.
- reviewed the SOC report to determine the impact and whether assurance could be obtained that internal controls being relied upon at the service provider were effectively operating.
- determined if Complementary User Entity Controls (CUECs), which should be in place at the Council were.
- obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control environment.

The Council is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Council 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.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

Council personnel stated they were unaware of the need to document completeness and accuracy of service providers or the requirement to review SOC reports, CUECs or internal controls over subservice organizations.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Council does not have assurance the service provider or its subservice organization's internal controls are adequate. (Finding 2021-006)

RECOMMENDATION

We recommend the Council strengthen its controls in identifying and documenting all service providers utilized. Further, we recommend the Council obtain SOC reports or conduct independent internal control reviews at least annually. In addition, we recommend the Council:

- Monitor and document the operation of the CUECs relevant to the Council's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.

COUNCIL RESPONSE

The Council agrees with the finding. The Council will work with the Department of Innovation and Technology (DoIT) to monitor and document the operation of the CUEC's relevant to the Council's operations.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

2021-007. **FINDING** (Lack of Disaster Contingency Planning)

The Illinois Arts Council (Council) had not developed a disaster contingency plan and conducted recovery testing to ensure recovery of its applications and data.

The Council adheres to and promotes its core values through advancing grant programs and special initiatives. The Council utilized the Grants Management System to track and manage grants.

As part of our examination, we requested the Council’s disaster contingency plan and documentation demonstrating recovery testing of their applications and data. The Council had not prepared a disaster contingency plan or conducted testing during the examination period.

The *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Council 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.

Council management indicated lack of staffing made it a challenge to address all pending concerns, including creating and testing a disaster contingency plan.

Without an adequately developed and tested disaster contingency plan, the Council cannot ensure their applications and data can be recovered within an acceptable time period. (Finding Code No. 2021-007)

RECOMMENDATION

We recommend the Council develop a disaster contingency plan. We also recommend the Council conduct recovery testing at least annually and update the disaster contingency plan accordingly.

COUNCIL RESPONSE

The Council agrees with the finding. The Council will work with the Department of Innovation and Technology (DoIT) to develop a disaster contingency plan and conduct recovery testing annual updates.

STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2021

A. **FINDING** (Grants Awarded Information was Not Published Timely)

During the prior examination, the Illinois Arts Council (Council) did not timely submit the grants awarded information to the Secretary of Innovation and Technology to publish online.

During the current examination, our sample testing indicated the Council had significantly improved in submitting the grants awarded information to the Secretary of Innovation and Technology to publish online. (Finding Code 2019-002)

B. **FINDING** (Inadequate Maintenance of Personnel Files)

During the prior examination, the Illinois Arts Council (Council) did not properly maintain personnel files supporting payroll deductions and withholdings.

During the current examination, our testing indicated the Council properly maintained personnel files supporting payroll deductions and withholdings. (Finding Code No. 2019-003)

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
DISCLOSURES ACCOMPANYING A STATE
COMPLIANCE EXAMINATION REPORT
For the Two Years Ended June 30, 2021**

DISCLOSURES REPORT

SUMMARY

A reading of the accompanying report components of the State of Illinois, Illinois Arts Council (Council) was performed by Adelfia LLC.

ACCOUNTANT'S REPORT

The accountants did not conclude an omission or uncorrected material misstatement of the other information exists in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report.

EXIT CONFERENCE

The Council waived an exit conference in correspondences from Joshua Davis-Ruperto, Executive Director and Yazoo Hall, Chief Fiscal Officer, on March 25, 2022.



INDEPENDENT ACCOUNTANT’S REPORT
ON DISCLOSURES ACCOMPANYING A
STATE COMPLIANCE EXAMINATION REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Illinois Arts Council

Disclosures Accompanying a State Compliance Examination Report

Management of the State of Illinois, Illinois Arts Council (Council) is responsible for the *Disclosures Accompanying a State Compliance Examination Report* (other information), which consists of the Fiscal Schedules and Analysis and Analysis of Operations report components as listed in the Table of Contents. The other information comprises disclosures which must be presented by management in accordance with *Report Components* memorandum published by the Auditor General of the State of Illinois, but does not include our *Independent Accountant’s Report on State Compliance and on Internal Control over Compliance* found in the separate *State Compliance Examination Report* included within this document. Our opinion on the Council’s State compliance and internal control over compliance does not cover this other information, and we do not express an opinion or any form of assurance thereon.

In connection with our examination of the Council, our responsibility is to read the other information and consider whether:

- 1) a material inconsistency exists between the other information and our knowledge and facts of the Council we obtained as part of the Council’s State compliance examination;
- 2) the other information appears to have been omitted; or,
- 3) the other information appears to be materially misstated.

If, based on the work performed, we concluded an omission or uncorrected material misstatement of the other information exists, we are required to describe it in this report.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
May 5, 2022

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2021
For the Sixteen Months Ended October 31, 2021**

Public Act 101-0637	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2021	Lapse Period Expenditures July 1 to October 31, 2021	Total Expenditures 16 Months Ended October 31, 2021	Balances Reappropriated July 1, 2021	Balances Lapsed October 31, 2021
APPROPRIATED FUNDS						
General Revenue Fund - 001						
Lump Sum, Operations	\$ 1,945,400	\$ 1,641,057	\$ 141,005	\$ 1,782,062	\$ -	\$ 163,338
Awards and Grants	11,326,400	11,131,365	193,330	11,324,695	-	1,705
Subtotal, Fund 001	<u>\$ 13,271,800</u>	<u>\$ 12,772,422</u>	<u>\$ 334,335</u>	<u>\$ 13,106,757</u>	<u>\$ -</u>	<u>\$ 165,043</u>
Illinois Arts Council						
Federal Grant Fund - 0657						
Awards and Grants	\$ 935,000	\$ 884,945	\$ (3,000)	\$ 881,945	\$ -	\$ 53,055
Awards and Grants, Lump Sum and Other Purposes	595,000	555,180	1,529	556,709	-	38,291
Subtotal, Fund 0657	<u>\$ 1,530,000</u>	<u>\$ 1,440,125</u>	<u>\$ (1,471)</u>	<u>\$ 1,438,654</u>	<u>\$ -</u>	<u>\$ 91,346</u>
Rebuild Illinois Projects Fund - 0972						
Awards and Grants	\$ 49,525,000	\$ -	\$ -	\$ -	\$ 49,525,000	\$ -
Awards and Grants, Lump Sum and Other Purposes	500,000	-	-	-	500,000.00	-
Subtotal, Fund 0972	<u>\$ 50,025,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,025,000</u>	<u>\$ -</u>
GRAND TOTAL - ALL FUNDS	<u>\$ 64,826,800</u>	<u>\$ 14,212,547</u>	<u>\$ 332,864</u>	<u>\$ 14,545,411</u>	<u>\$ 50,025,000</u>	<u>\$ 256,389</u>

Note 1:

Appropriations, expenditures, reappropriations, and lapsed balances were obtained from the Council's records and have been reconciled to the State Comptroller's records as of October 31, 2021.

Note 2:

Expenditure amounts are vouchers approved for payment by the Council and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2020
For the Sixteen Months Ended October 31, 2020**

Public Act 101-0007	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2020	Lapse Period Expenditures July 1 to October 31, 2020	Total Expenditures 16 Months Ended October 31, 2020	Balances Lapsed October 31, 2020
APPROPRIATED FUNDS					
General Revenue Fund - 001					
Lump Sum, Operations	\$ 2,070,400	\$ 1,286,911	\$ 84,632	\$ 1,371,543	\$ 698,857
Awards and Grants	11,326,400	11,251,868	74,532	11,326,400	-
Subtotal, Fund 001	<u>\$ 13,396,800</u>	<u>\$ 12,538,779</u>	<u>\$ 159,164</u>	<u>\$ 12,697,943</u>	<u>\$ 698,857</u>
Illinois Arts Council					
Federal Grant Fund - 0657					
Awards and Grants	\$ 1,460,800	\$ 832,905	\$ 9,595	\$ 842,500	\$ 618,300
Awards and Grants, Lump Sum and Other Purposes	65,000	30,408	39	30,447	34,553
Subtotal, Fund 0657	<u>\$ 1,525,800</u>	<u>\$ 863,313</u>	<u>\$ 9,634</u>	<u>\$ 872,947</u>	<u>\$ 652,853</u>
Rebuild Illinois Projects Fund - 0972					
Awards and Grants	\$ 49,525,000	\$ -	\$ -	\$ -	\$ 49,525,000
Awards and Grants, Lump Sum and Other Purposes	500,000	-	-	-	500,000
Subtotal, Fund 0972	<u>\$ 50,025,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,025,000</u>
GRAND TOTAL - ALL FUNDS	<u>\$ 64,947,600</u>	<u>\$ 13,402,092</u>	<u>\$ 168,798</u>	<u>\$ 13,570,890</u>	<u>\$ 51,376,710</u>

Note 1:

Appropriations, expenditures, reappropriations, and lapsed balances were obtained from the Council's records and have been reconciled to the State Comptroller's records as of October 31, 2020.

Note 2:

Expenditure amounts are vouchers approved for payment by the Council and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30,**

	Fiscal Year		
	2021	2020	2019
	P.A. 101-0637	P.A. 101-0007	P.A. 100-0586
APPROPRIATED FUNDS			
General Revenue Fund - 001			
Expenditure Authority	\$ 13,271,800	\$ 13,396,800	\$ 12,914,200
Lump Sum, Operations	\$ 1,782,062	\$ 1,371,543	\$ 1,288,398
Lump Sum and Other Purposes	-	-	824,999
Awards and Grants	11,324,695	11,326,400	7,993,398
Awards and Grants, Lump Sum and Other Purposes	-	-	2,507,100
Total Expenditures	<u>\$ 13,106,757</u>	<u>\$ 12,697,943</u>	<u>\$ 12,613,895</u>
Lapsed Balances	<u>\$ 165,043</u>	<u>\$ 698,857</u>	<u>\$ 300,305</u>
Illinois Arts Council			
Federal Grant Fund - 0657			
Expenditure Authority	\$ 1,530,000	\$ 1,525,800	\$ 1,000,000
Awards and Grants	\$ 881,945	\$ 842,500	\$ 817,216
Awards and Grants, Lump Sum and Other Purposes	556,709	30,447	42,417
Total Expenditures	<u>\$ 1,438,654</u>	<u>\$ 872,947</u>	<u>\$ 859,633</u>
Lapsed Balances	<u>\$ 91,346</u>	<u>\$ 652,853</u>	<u>\$ 140,367</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30,**

	Fiscal Year		
	2021	2020	2019
	P.A. 101-0637	P.A. 101-0007	P.A. 100-0586
APPROPRIATED FUNDS			
Rebuild Illinois Projects Fund - 0972			
Expenditure Authority	\$ 50,025,000	\$ 50,025,000	\$ -
Awards and Grants	\$ -	\$ -	\$ -
Awards and Grants, Lump Sum and Other Purposes	-	-	-
Total Expenditures	\$ -	\$ -	\$ -
Balances Reappropriated	\$ 50,025,000	\$ -	\$ -
Lapsed Balances	\$ -	\$ 50,025,000	\$ -
GRAND TOTAL			
Expenditure Authority	\$ 64,826,800	\$ 64,947,600	\$ 13,914,200
Total Expenditures	\$ 14,545,411	\$ 13,570,890	\$ 13,473,528
Balances Reappropriated	\$ 50,025,000	\$ -	\$ -
Lapsed Balances	\$ 256,389	\$ 51,376,710	\$ 440,672

Note 1:

Appropriations, expenditures, reappropriations, and lapsed balances were obtained from the Council's records and have been reconciled to the State Comptroller's records as of October 31, 2021 and October 31, 2020.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30,**

Fiscal Year		
2021	2020	2019
P.A. 101-0637	P.A. 101-0007	P.A. 100-0586

APPROPRIATED FUNDS

Note 2:

Expenditure amounts are vouchers approved for payment by the Council and submitted to the State Comptroller for payment to the vendor.

Note 3:

The Council received appropriations during Fiscal Year 2021 from Public Act 101-0637. In addition, the Council received appropriations during Fiscal Year 2020 from Public Act 101-0007.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
COMPARATIVE SCHEDULE OF NET EXPENDITURES
BY MAJOR ACTIVITY**

For the Fiscal Years Ended June 30,

	2021	2020	2019
EXPENDITURE STATISTICS			
All State Treasury Funds			
Total Operating Expenditures:	\$ 1,782,062	\$ 1,371,543	\$ 1,288,398
Percentage of Total Expenditures:	12%	10%	10%
Personal Services	\$ 1,073,801	\$ 1,014,057	\$ 1,045,962
Other Payroll Costs	\$ 78,585	\$ 74,034	\$ 76,439
All Other Operating Expenditures	\$ 629,676	\$ 283,452	\$ 165,997
Total Awards and Grants Expenditures:	\$ 11,324,695	\$ 11,326,400	\$ 11,325,497
Percentage of Total Expenditures:	78%	84%	84%
Total Federal Expenditures:	\$ 1,438,654	\$ 872,947	\$ 859,633
Percentage of Total Expenditures:	10%	6%	6%
GRAND TOTAL - ALL EXPENDITURES	\$ 14,545,411	\$ 13,570,890	\$ 13,473,528

Note 1:

Expenditures were obtained from the Council's records and have been reconciled to the State Comptroller's records as of October 31, 2021 and October 31, 2020.

Note 2:

Expenditure amounts are vouchers approved for payment by the Council and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
ANALYSIS IN SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2021**

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

Fiscal Year 2021 Compared to Fiscal Year 2020

General Revenue Fund – 001

Lump Sum Operations

The increase was due to the Council's transition to the new grants management system and a one-time bill for ERP operational cost.

Illinois Arts Council Federal Grant Fund – 657

Awards and Grants, Lump Sum and Other Purposes

The increase was due to Coronavirus Aid Relief and Economic Security (CARES Act) awards and grants during Fiscal Year 2021.

Fiscal Year 2020 Compared to Fiscal Year 2019

General Revenue Fund – 001

Lump Sum and Other Purposes

The decrease was due to appropriation and expenditures relating to arts and foreign language programming in schools reported under this line item in Fiscal Year 2019 were reported under Awards and Grants line item in Fiscal Year 2020.

Awards and Grants

The increase was due to appropriation and expenditures relating to arts and foreign language programming in schools reported under Lump Sum and Other Purposes line item in Fiscal Year 2019 were reported under this line in Fiscal Year 2020. In addition, appropriation and expenditures reported under Awards and Grants, Lump Sum and Other Purposes line item in Fiscal Year 2019 were reported under this line in Fiscal Year 2020.

Awards and Grants, Lump Sum and Other Purposes

The decrease was due to appropriation and expenditures reported under this line in Fiscal Year 2019 were reported under Awards and Grants line item in Fiscal Year 2020.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2021**

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

Fiscal Year 2021

The Council did not have any significant Lapse Period spending.

Fiscal Year 2020

The Council did not have any significant Lapse Period spending.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND DEPOSITS INTO THE STATE TREASURY**

(IN THOUSANDS)

For the Years Ended June 30,

	2021	2020	2019
STATE TREASURY FUNDS			
General Revenue Fund - 001			
Receipt Sources:			
Miscellaneous Recoveries (PY Refunds)	\$ 109.2	\$ 27.6	\$ 83.5
Total Receipts, per the Council's Records	<u>\$ 109.2</u>	<u>\$ 27.6</u>	<u>\$ 83.5</u>
Receipt, per the Council's Records	\$ 109.2	\$ 27.6	\$ 83.5
Deposits in Transit, Beginning of Fiscal Year	-	-	-
Deposits in Transit, End of Fiscal Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 109.2</u>	<u>\$ 27.6</u>	<u>\$ 83.5</u>
Illinois Arts Council			
Federal Grant Fund - 657			
Receipt Sources:			
National Endowment for the Arts	\$ 910.9	\$ 1,388.8	\$ 855.5
Miscellaneous Recoveries (PY Refunds)	14.8	9.2	0.8
Total Receipts, per the Council's Records	<u>\$ 925.7</u>	<u>\$ 1,398.0</u>	<u>\$ 856.3</u>
Receipt, per the Council's Records	\$ 925.7	\$ 1,398.0	\$ 856.3
Deposits in Transit, Beginning of Fiscal Year	-	-	-
Deposits in Transit, End of Fiscal Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 925.7</u>	<u>\$ 1,398.0</u>	<u>\$ 856.3</u>
GRAND TOTAL--ALL FUNDS			
Receipt, per the Council's Records	\$ 1,034.9	\$ 1,425.6	\$ 939.8
Deposits in Transit, Beginning of Fiscal Year	-	-	-
Deposits in Transit, End of Fiscal Year	-	-	-
Deposits, Recorded by the State Comptroller	<u>\$ 1,034.9</u>	<u>\$ 1,425.6</u>	<u>\$ 939.8</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
ANALYSIS IN SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2021**

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

Fiscal Year 2021 Compared to Fiscal Year 2020

General Revenue Fund - 001

Miscellaneous Recoveries (PY Refunds)

The increase was primarily due to organizations closing in Fiscal Year 2020 because of the pandemic. The policy of the Council is for unexpended funds to be returned.

Illinois Arts Council Federal Grant Fund - 657

National Endowment for the Arts

The decrease was due to the CARES Act funding from the National Endowment for the Arts in Fiscal Year 2020 but not in Fiscal Year 2021.

Fiscal Year 2020 Compared to Fiscal Year 2019

General Revenue Fund - 001

Miscellaneous Recoveries (PY Refunds)

The decrease was primarily due to organizations spending the grant monies in Fiscal Year 2019 prior to the pandemic. Prior year refunds were unspent grant monies being returned to the Council. The policy of the Council is for unexpended funds to be returned.

Illinois Arts Council Federal Grant Fund - 657

National Endowment for the Arts

The increase was due to the CARES Act funding from the National Endowment for the Arts in Fiscal Year 2020.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
SCHEDULE OF CHANGES IN PROPERTY
For the Two Years Ended June 30, 2021**

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Fiscal Year 2021					
Property					
Equipment	\$ 12,424	\$ -	\$ -	\$ -	\$ 12,424
Capital Leases					
Equipment	7,188	-	-	-	7,188
Total	\$ 19,612	\$ -	\$ -	\$ -	\$ 19,612
Fiscal Year 2020					
Property					
Equipment	\$ 85,200	\$ -	\$ 72,776	\$ -	\$ 12,424
Capital Leases					
Equipment	7,188	-	-	-	7,188
Total	\$ 92,388	\$ -	\$ 72,776	\$ -	\$ 19,612

Note 1:

These balances were obtained from the Council's records and have been reconciled to the Council's quarterly Agency Report of State Property reports submitted to the Office of State Comptroller for the year ended June 30, 2020 and 2021.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
FUNCTIONS AND PLANNING
For the Two Years Ended June 30, 2021**

FUNCTIONS

The Illinois Arts Council was created by the Illinois General Assembly in 1965 through the Arts Council Act (20 ILCS 3915). The Council is governed by 21 private citizens from throughout Illinois. These members are chosen for their commitment to the arts and are appointed by the Governor. The members serve in a voluntary, non-paid capacity and are responsible for developing the State's public arts policy, fostering culturally diverse quality programs, and approving grant expenditures. The Council members are appointed for four-year terms. The Governor designates the Chairman. Many of the Council members are reappointed by the Governor for an additional four year term.

Advisory panels are composed of volunteer experts from Illinois and are appointed by the Council's Chair to assist the Council in the review of grant applications and to provide expertise on policy and program development. Panelists are selected through open nominations and serve for one-year terms.

The functions of the Council are directed by the Council's mission statement: "to build a strong, creative, and connected Illinois through the arts."

The Council received funds through the State of Illinois General Revenue Fund appropriations and federal grants from the National Endowment for the Arts.

The State of Illinois' support of the arts includes production of theater, music, dance, ethnic and folk art, literature, exhibitions, media and visual art, as well as public benefits to the community. These benefits include: attracting and retaining businesses and residents, revitalizing downtowns, drawing tourists, providing a basis for quality elementary and secondary education, vitalizing neighborhoods, connecting people, and improving the quality of life. People of all regions, ages, cultures, abilities and economic conditions make arts happen throughout Illinois, through numerous grant programs from the Illinois Arts Council.

Funding from the Council benefits artists and arts organization, supports art organization's education programs that provide art experiences for schools and communities, provides operating support to art institutions and support for seminars and workshops. The Illinois Arts Council believes the arts are the first and a basic building block for education. The grants they provide help allow this to happen.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
FUNCTIONS AND PLANNING
For the Two Years Ended June 30, 2021**

PLANNING

A team headed by the Council Chairman was pulled together to develop the five-year Strategic Plan for 2021 - 2026. Surveys were distributed and completed; staff went around the State speaking with individual artists; school and constituents of arts organizations to gather information on the needs of and changes to the art community. A facilitator hosted town hall meetings and public forums.

The current five year strategic plan includes a guiding value of diversity, equity, and inclusion as this has been a major priority for the agency in the past few years.

The five-year Strategic Plan 2021 – 2026 can be viewed at <https://arts.illinois.gov> under ‘About the IACA’ - Strategic Plan.

CORE VALUES

The Council believes in the transformative power of arts and culture. Through grant-making and services, the Council adheres to and promotes the following values:

- Advancing Equity and Access
 - Ensure equity and access in programming and grant opportunities for all Illinoisans, including (but not limited to) individuals who identify with a specific geographic location, economic status, race, sexual orientation, gender expression, or ability.
- Supporting a Creative Life
 - Nurture critical thinking and life skills through access and participation in high-quality learning opportunities in the arts, in and out of school.
- Empowering Communities
 - Build capacity for a community by strengthening the cultural, physical, and social character of localities across the state.
- Strengthening the Creative Economy
 - Enhance the Illinois economy by supporting operations and boosting economic influence of the cultural not-for-profit sector across Illinois.
- Generating Connectivity
 - Create networks of mutual support among individuals, organizations, and the IACA in rural, mid-sized, and urban settings.
- Providing Professional Development for IACA Staff
 - Encourage self-assessment and progressive thinking to create innovative solutions in the daily work of the agency with a focus on the revitalization of our state through the arts.

As further described in the *Independent Accountant’s Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
FUNCTIONS AND PLANNING
For the Two Years Ended June 30, 2021**

OPERATIONAL FUNCTIONS

All IT functions were handed over to the Department of Innovation and Technology (DoIT). They continue to manage and make recommendations as to the needs of the Illinois Arts Council Agency's IT functions. DoIT deems the Council's old Grants Management system, Pearl, obsolete. With the insistence of DoIT; in FY2020 the Council began its transaction from Pearl over to its new Grants Management system, Salesforce.

Staff is involved in and is sitting on several work groups helping to complete the development of Salesforce: and in making a smooth transaction from one system to the other for both staff and its constituents. The Council anticipates all General Operating Support applications to be processed in the new Grants Management system and for grant review and approval to start in FY2022.

The Illinois Arts Council board members meet periodically and actively plan aspects of the Council.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
NUMBER OF EMPLOYEES
For the Fiscal Year Ended June 30, 2021**

AVERAGE NUMBER OF EMPLOYEES

A comparative statement of the average number of persons employed by the Illinois Arts Council at full-time equivalents is presented below:

	Fiscal Year		
	2021	2020	2019
Administration			
Executive Director	1	1	1
Deputy Director	1	1	0
Chief Fiscal Officer	1	1	1
Fiscal Office	2	2	2
Grants Office	2	1	2
Support Staff	2	2	2
Total Administration	<u>9</u>	<u>8</u>	<u>8</u>
Programs			
Program Coordinators	4	4	4
Program Assistants	1	1	1
Total Programs	<u>5</u>	<u>5</u>	<u>5</u>
Total Employees	<u><u>14</u></u>	<u><u>13</u></u>	<u><u>13</u></u>

Note 1: This schedule presents the average number of employees, by function, at the Council.

As further described in the Independent Accountant's Report on Disclosures Accompanying a State As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL
ANALYSIS OF OVERTIME AND COMPENSATORY TIME
For the Two Years Ended June 30,**

IN THOUSANDS

	2021	2020	2019
<u>OPERATIONAL DIVISION</u>			
General Office			
Overtime Paid	-	102	132
Compensatory Hours Granted	113	366	834
Total	113	468	966
Value of Overtime Hours Paid	\$ -	\$ 4,460	\$ 8,072
Value of Compensatory Hours Granted	3,932	15,665	40,649
Total Costs	\$ 3,932	\$ 20,125	\$ 48,721

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.