



**State of Illinois  
ILLINOIS RACING BOARD  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

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

**STATE OF ILLINOIS  
ILLINOIS RACING BOARD  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

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**STATE OF ILLINOIS  
ILLINOIS RACING BOARD  
STATE COMPLIANCE EXAMINATION  
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**BOARD OFFICIALS**

|                                       |                       |
|---------------------------------------|-----------------------|
| Executive Director                    | Mr. Domenic DiCera    |
| Chief Fiscal Officer                  | Mr. Vitto Ezeji-Okoye |
| General Counsel (10/17/22 – Present)  | Ms. Lindsay Evans     |
| General Counsel (02/16/22 – 10/16/22) | Vacant                |
| General Counsel (07/01/20 – 02/15/22) | Mr. John Gay          |

**BOARD OFFICER**

|                    |                |
|--------------------|----------------|
| Chair of the Board | Mr. Dan Beiser |
|--------------------|----------------|

**GOVERNING BOARD MEMBERS**

|                                    |                          |
|------------------------------------|--------------------------|
| Commissioner                       | Mr. Benjamin Reyes       |
| Commissioner (03/01/23 – Present)  | Vacant                   |
| Commissioner (09/14/20 – 02/28/23) | Ms. Leslye Sandberg      |
| Commissioner (07/01/20 – 09/13/20) | Vacant                   |
| Commissioner (07/22/21 – Present)  | Ms. Beth Doria           |
| Commissioner (09/04/20 – 07/21/21) | Vacant                   |
| Commissioner (07/01/20 – 09/03/20) | Mr. Thomas McCauley      |
| Commissioner (08/19/22 – Present)  | Mr. Leslie H. Breuer Jr. |
| Commissioner (07/02/22 – 08/18/22) | Vacant                   |
| Commissioner (07/01/20 – 07/01/22) | Mr. Leslie H. Breuer Jr. |
| Commissioner (04/08/21 – Present)  | Lydia Gray, DVM          |
| Commissioner (07/01/20 – 04/07/21) | Vacant                   |
| Commissioner (10/21/22 – Present)  | Ms. Patricia Saccone     |
| Commissioner (03/17/22 – 10/20/22) | Vacant                   |
| Commissioner (07/01/20 – 03/16/22) | Mr. Marcus Davis         |
| Commissioner (09/01/22 – Present)  | Vacant                   |
| Commissioner (07/01/20 – 08/30/22) | Mr. Charles MacKelvie    |
| Commissioner (03/08/22 – Present)  | Vacant                   |
| Commissioner (02/05/21 – 03/07/22) | Mr. Alan Henry           |
| Commissioner (07/31/20 – 02/04/21) | Vacant                   |
| Commissioner (07/01/20 – 07/30/20) | Ms. Arlene Mulder        |

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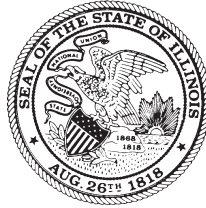
**GOVERNING BOARD MEMBERS (Continued)**

|                                    |                   |
|------------------------------------|-------------------|
| Commissioner (02/24/22 – Present)  | Vacant            |
| Commissioner (02/05/21 – 02/23/22) | Mr. John Stephan  |
| Commissioner (07/01/20 – 02/04/21) | Vacant            |
| Commissioner (02/17/23 – Present)  | Ms. Alyssa Murphy |
| Commissioner (07/01/20 – 02/16/23) | Vacant            |

**BOARD OFFICE**

The Illinois Racing Board’s primary administrative office is located at:

555 West Monroe Street  
Suite 1700 S  
Chicago, Illinois 60661



## ILLINOIS RACING BOARD

### MANAGEMENT ASSERTION LETTER

March 8, 2023

Adelfia LLC  
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 Racing Board (Board). 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 Board's compliance with the following specified requirements during the two-year period ended June 30, 2022. Based on this evaluation, we assert that during the years ended June 30, 2021 and June 30, 2022, the Board has materially complied with the specified requirements listed below.

A. The Board 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 Board 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. Other than what has been previously disclosed and reported in the Schedule of Findings, the Board 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 Board 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.

Yours truly,

State of Illinois, Illinois Racing Board

**SIGNED ORIGINAL ON FILE**

Domenic DiCera  
Executive Director

**SIGNED ORIGINAL ON FILE**

Vitto Ezeji-Okoye  
Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

Lindsay Evans  
General Counsel

**STATE OF ILLINOIS  
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**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 or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

**SUMMARY OF FINDINGS**

| <b>Number of</b>                                  | <b><u>Current Report</u></b> | <b><u>Prior Report</u></b> |
|---|------------------------------|----------------------------|
| Findings  | 14                           | 9                          |
| Repeated Findings                                 | 5                            | 5                          |
| Prior Recommendations Implemented or Not Repeated | 4                            | 6                          |

**SCHEDULE OF FINDINGS**

| <u>Item No.</u>         | <u>Page</u> | <u>Last/First<br/>Reported</u> | <u>Description</u>   | <u>Finding Type</u>                          |
|-------------------------|-------------|--------------------------------|--|--|
| <b>Current Findings</b> |             |                                |  |  |
| 2022-001                | 10          | New                            | Voucher Processing Internal Controls Not Operating Effectively     | Material Weakness and Material Noncompliance |
| 2022-002                | 12          | New                            | Failed to Implement User Access Controls                           | Material Weakness and Material Noncompliance |
| 2022-003                | 14          | New                            | Inadequate Controls over Data Migration to a New Licensing System  | Material Weakness and Material Noncompliance |
| 2022-004                | 16          | 2020/2020                      | Lack of Change Control Policy and Inadequate Segregation of Duties | Material Weakness and Material Noncompliance |

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| <u>Item No.</u>                    | <u>Page</u> | <u>Last/First<br/>Reported</u> | <u>Description</u>  | <u>Finding Type</u>                      |
|------------------------------------|-------------|--------------------------------|---|--|
| <b>Current Findings</b>            |             |                                |   |  |
| 2022-005                           | 18          | 2020/2014                      | Noncompliance with Racing Laws and Regulations                          | Significant Deficiency and Noncompliance |
| 2022-006                           | 20          | 2020/2020                      | Noncompliance with Annual Reporting Requirements                        | Significant Deficiency and Noncompliance |
| 2022-007                           | 22          | 2020/2020                      | Inadequate Controls over Employment Application Forms                   | Significant Deficiency and Noncompliance |
| 2022-008                           | 24          | New                            | Inadequate Controls over Personal Services                              | Significant Deficiency and Noncompliance |
| 2022-009                           | 28          | 2020/2020                      | Required Board Composition Not Met                                      | Noncompliance                            |
| 2022-010                           | 29          | New                            | Inadequate Controls over Reporting                                      | Significant Deficiency and Noncompliance |
| 2022-011                           | 31          | New                            | Inadequate Controls over State Vehicles                                 | Significant Deficiency and Noncompliance |
| 2022-012                           | 32          | New                            | Failure to Implement Control over Service Providers                     | Significant Deficiency and Noncompliance |
| 2022-013                           | 34          | New                            | Failure to Implement Controls over Cybersecurity Programs and Practices | Significant Deficiency and Noncompliance |
| 2022-014                           | 37          | New                            | Disaster Recovery Weaknesses  | Significant Deficiency and Noncompliance |
| <b>Prior Findings Not Repeated</b> |             |                                |   |  |
| A                                  | 38          | 2020/2016                      | Failure to Enforce Withholding of Child Support Due                     |  |
| B                                  | 38          | 2020/2018                      | Inadequate Controls over Admission Tax                                  |  |
| C                                  | 38          | 2020/2012                      | Inadequate Monitoring of Racing Requirements                            |  |
| D                                  | 38          | 2020/2016                      | Outdated Records Retention Schedule                                     |  |

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**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on February 27, 2023.

Attending were:

**Illinois Racing Board**

Domenic DiCera, Executive Director  
Vitto Ezeji-Okoye, Chief Fiscal Officer  
Lindsay Evans, General Counsel  
Michael Belmonte, Director of Mutuels  
Donald Marquez, Private Secretary

**Office of the Auditor General**

Jane Clark, Director of Financial and Compliance Audits  
Kathy Lovejoy, Principal of IS Audits

**Adelfia LLC**

Stella Marie Santos, Managing Partner  
Gilda Priebe, Partner  
Ria Coronel, Manager

The responses to the recommendations were provided by Domenic DiCera, Executive Director, in a correspondence dated March 7, 2023.





**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 Racing Board

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Illinois Racing Board (Board) 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, 2022. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board 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 Board 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 Board 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 Board 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.

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 Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board 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 modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Board during the two years ended June 30, 2022. As described in the accompanying Schedule of Findings as items 2022-001 through 2022-004, the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirement described in the preceding paragraph, the Board complied with the specified requirements during the two years ended June 30, 2022, 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 2022-005 through 2022-014.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board'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 Board 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 Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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 a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as items 2022-001 through 2022-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-005 through 2022-008 and 2022-010 through 2022-014 to be significant deficiencies.

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

The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board'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  
March 8, 2023

**STATE OF ILLINOIS**  
**ILLINOIS RACING BOARD**  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS**  
**For the Two Years Ended June 30, 2022**

2022-001. **FINDING** (Voucher Processing Internal Controls Not Operating Effectively)

The Illinois Racing Board's (Board) internal controls over its voucher processing function were not operating effectively during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

Our testing noted 18 of 140 (13%) attributes were not properly entered into the ERP System. Therefore, the Board's internal controls over voucher processing **were not operating effectively.**

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Board to, after receipt of goods or services, verify the goods or services received met the stated specifications and prepare a voucher for submission to the Comptroller's Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure. Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Board maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State's resources.

Due to this condition, we qualified our opinion because we determined the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, we conducted an analysis of the Board's expenditures data for Fiscal Years 2021 and 2022 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

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- The Board did not timely approve 14 of 942 (1%) vouchers processed during the examination period, totaling \$147,766. We noted these late vouchers were approved between 1 to 286 days late.

The Code (74 Ill. Admin. Code 900.70) requires the Board to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

- The Board owed one vendor interest totaling \$14 in Fiscal Year 2021; however, the Board had not approved this voucher for payment to the vendor.

The Act (30 ILCS 540/3-2) requires agencies to pay vendors who had not been paid within 90 days of receipt of a proper bill or invoice interest.

Board officials stated the issues noted were due to COVID-19 restrictions and employee oversight.

Failure to properly enter the key attributes into the State's ERP System when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP System, which can result in improper interest calculations and expenditures. Further, failure to timely process proper bills and approve vouchers for payment of interest due represents noncompliance with the Code and the Act. (Finding Code No. 2022-001)

**RECOMMENDATION**

We recommend the Board design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommend the Board approve proper bills within 30 days of receipt and approve vouchers for payment of interest due to vendors.

**BOARD RESPONSE**

The Board concurs and has instituted internal control measures to ensure compliance.

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**SCHEDULE OF FINDINGS – CURRENT FINDINGS**  
**For the Two Years Ended June 30, 2022**

2022-002. **FINDING** (Failed to Implement User Access Controls)

The Illinois Racing Board (Board) failed to implement controls over users' access to the Board's applications and data.

As part of our examination, we requested the Board provide populations of employees, separated employees and users of the Pari-Mutuel Information Tracking System (PITS). Although the Board provided the populations, documentation demonstrating the completeness and accuracy of the populations was not provided. Therefore, we were unable to conclude the Board's populations were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

Even given the issues noted above, we reviewed the population of PITS users noting seven of 18 (39%) PITS users' accounts were shared. We also requested documentation to determine if the PITS users' access was appropriate based on their job duties; however, the Board did not provide documentation for one of three (33%) users. Thus, we could not determine if access was appropriate.

Further, the Board was a user of the Department of Innovation and Technology's (DoIT) Enterprise Resource Planning System (ERP), Central Time and Attendance System (CTAS), eTime, and Central Payroll System (CPS). As part of our review of user access, we requested the Board's review of access rights during the examination period. However, the Board did not provide documentation of such review. Additionally, our review of access noted:

- Seven of 12 (58%) CTAS users no longer required access.
- Three of 15 (20%) eTime users no longer required access.
- One of 7 (14%) CPS user no longer required access.

Lastly, the Board had not established policies and procedures documenting their internal controls over access provisioning.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

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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), Access section, requires entities to maintain internal controls over access to their applications and data.

Board management indicated conflicting work priorities and management oversight contributed to the weaknesses.

Failure to implement controls over users' access could result in inappropriate access to the Board's applications and data. (Finding Code No. 2022-002)

**RECOMMENDATION**

We recommend the Board strengthen its controls to ensure documentation is maintained to demonstrate the completeness and accuracy of the Board's populations. In addition, we recommend the Board review the user accounts to ensure the users' access is appropriate and shared accounts are assigned to specific individuals for accountability.

Further, we recommend the Board establish policies and procedures documenting the internal controls over access provisioning.

Lastly, we recommend the Board ensure accounts of terminated users are timely disabled.

**BOARD RESPONSE**

The Board agrees and has initiated a plan of action.

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2022-003. **FINDING** (Inadequate Controls over Data Migration to a New Licensing System)

The Illinois Racing Board (Board) did not have adequate controls over the data migration to a new licensing system.

In April 2022, the Board migrated to a new licensing system, the HRC-IL System. The HRC-IL System was acquired through an Intergovernmental Agreement (IGA) with another state to provide software license, installation, and limited-support for an agreed period of time. The HRC-IL System was utilized by the Board for licensing, enforcement, and as a rule tracking database. The HRC-IL System could generate reports for fingerprint, license detail, worker’s compensation, permanent residency expiration, and rulings. The information was used by the Board to license individuals and entities in horse racing and also to monitor these licensees.

As part of testing, we requested documentation demonstrating the legacy system data were completely and accurately migrated from the legacy system to the HRC-IL System. Our review of the limited documentation provided noted:

- 791,000 records were migrated from the legacy system; however, the Board did not provide adequate documentation to demonstrate the completeness of the data migration from the legacy system to the HRC-IL System.
- The completeness of the data migration could not be determined as there was no record count of data converted to the HRC-IL System.
- Historical license information for individuals was not transferred to the HRC-IL System.
- The Board did not provide adequate documentation demonstrating a detailed review of accuracy of the migrated records.
- Four of 28 (14%) licensee records had the incorrect licensing year information transferred to the HRC-IL System.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls.

*The Risk Management Framework for Information Systems and Organizations, A System Life Cycle Approach for Security and Privacy* (Special Publication 800-37), Second Revision) published by the National Institute of Standards and Technology requires entities follow the phases of the system development life cycle to ensure all requirements are met.



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Additionally, the *Guide to the Project Management Body of Knowledge* requires entities to apply the five project management processes-including initiating, planning, executing, monitoring and controlling, and closing-to provide assurance a project meets the entity's requirements.

Board management indicated the exceptions noted were due to oversight and lack of resources.

The lack of controls over data migration increases the risk of incorrect data being utilized by the Board. (Finding Code No. 2022-003)

**RECOMMENDATION**

We recommend the Board implement controls to ensure all data completely and accurately migrated from the legacy system to the HRC-IL System. We further recommend the Board review the HRC-IL System data to ensure its accuracy and completeness.

**BOARD RESPONSE**

The Board agrees with the auditor's recommendation and has initiated a plan of action.

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**For the Two Years Ended June 30, 2022**

2022-004. **FINDING** (Lack of Change Control Policy and Inadequate Segregation of Duties)

The Illinois Racing Board (Board) did not have a change management policy (Policy) and did not maintain proper segregation of duties over program changes.

During our review, we noted the Board did not have a formal Policy to ensure all changes were initiated, planned, developed, tested, and implemented in a controlled environment. In addition, we noted the programmers developing and making changes to the applications and data had access to the production environment and the capability to implement changes.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls. 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, Configuration Management section, requires entities to develop and document a change management policy that addresses purpose, scope, roles, and responsibilities in change management.

Board management indicated conflicting work priorities and management oversight contributed to these exceptions.

Lack of a formal change control policy and segregation of duties increases the risk of unauthorized changes being made to computer programs and the confidentiality, integrity, and availability of programs and data could be compromised. (Finding Code No. 2022-004, 2020-009)

**RECOMMENDATION**

We recommend the Board develop a Policy to control changes made (including emergency changes) to their applications and data. The Policy should include, at a minimum:

- The process for requesting a change,
- The approval process of the requested change,
- Monitoring of change requests,
- Testing and documentation requirements,
- User acceptance and documentation, and
- Post implementation reviews requirements.

In addition, we recommend the Board restrict the programmer access to all production programs and data. If the Board determines the programmer access is necessary in certain situations, the Board should establish and enforce compensating controls to ensure appropriate management oversight and approval of changes.

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**BOARD RESPONSE**

The Board concurs and plan to enhance its policy pursuant to the auditor's recommendation.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS  
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2022-005. **FINDING** (Noncompliance with Racing Laws and Regulations)

The Illinois Racing Board (Board) did not comply with, or enforce compliance with, provisions of the Illinois Horse Racing Act of 1975 (Act) and the Illinois Administrative Code (Code) at the racetracks.

During the current examination, we conducted walkthroughs and observations at one standardbred and one thoroughbred racetracks (organizational licensees).

During testing, we noted the following:

- For one of 2 (50%) racetracks observed, the required posting regarding availability of programs was not prominently displayed at the location where programs are sold.

The Code (11 Ill. Admin. Code 415.60) states “Every licensee shall provide programs for each day of operation. In the event the supply of programs for any day of operation becomes depleted, the licensee shall provide photocopies, free of charge, to those patrons requesting programs. Failure to supply photocopies of the programs may result in a civil penalty, not to exceed \$1,000. For subsequent violations of this rule, the civil penalty shall be double the amount of the preceding penalty. Civil penalties shall not be assessed when extenuating circumstances exist (e.g., breakdown of equipment). This Section shall be prominently displayed at each location where programs are sold.”

- One (100%) harness racetrack tested, the judges’ book for the day of the observation was not signed by the clerk of the course and timer. Only the presiding judge signed the judges’ book. Subsequently, the Board provided a signed copy of the judges’ book after this issue was brought to their attention.

The Code (11 Ill. Admin. Code 1306.180) requires the clerk of the course to record all protests, fines, penalties, and appeals in the judges’ book and see that the book is properly signed. In addition, the Code (11 Ill. Admin Code 1306.190 ) requires the timer to sign the judges’ book for each race or performance against time verifying the correctness of the record.

This finding was first noted during the examination of the two years ended June 30, 2014 and Board officials took substantive steps to implement corrective actions, however, exceptions still persist.

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During the prior examination, Board officials stated the exceptions were due to COVID-19 protocols presenting challenges in ensuring seasonal employees comply with the policies and also due to staffing issues. During the current examination, Board officials stated the exceptions were due to oversight by the track due to frequent change in personnel.

Failure to maintain adherence to the applicable provisions of the Act and Code by the Board’s employees and licensees may subject the State to unnecessary legal risks, increase the potential for errors, and represents noncompliance with State laws, rules and regulations. (Finding Code No. 2022-005, 2020-002, 2018-001, 2016-008, 2014-009)

**RECOMMENDATION**

We recommend the Board continue to take action to ensure compliance by its employees and licensees with State laws, rules, and regulations governing horse racing, including developing appropriate processes to monitor racetrack operations for instances of noncompliance and appropriately address any identified noncompliance.

**BOARD RESPONSE**

The Board concurs and has instituted corrective actions with the licensees.

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2022-006. **FINDING** (Noncompliance with Annual Reporting Requirements)

The annual reports prepared by the Illinois Racing Board (Board) and the annual reports submitted by organizational licensees to the Board, did not fully comply with the requirements of the Illinois Racing Act of 1975 (Act).

During our testing of five annual reports submitted by the Board’s organization licensees during Fiscal Years 2021 and 2022, we noted the following:

- Five (100%) organization licensee’s reports tested did not meet all the contracting goals established by the Board for utilization of minority-owned business enterprise (MBE), women-owned business enterprise (WBE), and businesses owned by persons with disabilities (DBE) during the preceding calendar year.
- Five (100%) organization licensee’s reports tested did not contain a breakdown of the goals set for the award of contracts, and therefore auditors were unable to determine whether the contracts as identified in the Act, were properly excluded. The annual MBE/WBE/DBE compiled by the Board stated the expenditures are excluding the exemptions in Section 12.2(b) of the Act, however, the calculation was not included in the annual report submitted by the licensees nor any supporting documentation.

The Act (230 ILCS 5/12.2(b)) requires the Board to establish goals for the award of contracts by each organization licensee or inter-track wagering licensee to MBE, WBE, and DBE, expressed as percentages of an organization licensee’s or intertrack wagering licensee’s total dollar amount of contracts awarded during each calendar year. Each organization licensee or inter-track wagering licensee must make every effort to meet the goals established by the Board pursuant to the Act. In addition, when setting the goals for the award of contracts, the Board shall not include contracts where: (1) licensees are purchasing goods or services from vendors or suppliers or in markets where there are no or a limited number of MBE, WBE, or DBE that would be sufficient to satisfy the goal; (2) there are no or a limited number of suppliers licensed by the Board; (3) the licensee or its parent company owns a company that provides the goods or services; or (4) the goods or services are provided to the licensee by a publicly traded company.

In addition, during our testing of the Calendar Years 2020 and 2021 Annual Reports prepared by the Board, we noted the following:

- One of 2 (50%) Annual Reports tested (Calendar Year 2021), the report did not detail the level of achievement toward goals over the three most recent fiscal years and did not include a summary detailing expenditure subject to the goals, the actual goals specified, and the goals attained by each organization licensee or inter-track wagering licensee.

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- Both (100%) Annual Reports tested did not include a summary of the number of contracts awarded by each organization licensee or inter-track wagering licensee and an analysis of the number of MBE, WBE, and businesses owned by persons with disabilities that are certified under the program as well as the number of those businesses that received State procurement contracts.

The Act (230 ILCS 5/12.2(f)) requires the Board to file, no later than March 1 of each year, an annual report which details the level of achievement toward the goals over the 3 most recent fiscal years to include the following:

- a summary detailing expenditures subject to the goals, the actual goals specified, and the goals attained by each organization licensee or inter-track wagering licensee;
- a summary of the number of contracts awarded and the average contract amount by each organization licensee or inter-track wagering licensee;
- an analysis of the level of overall goal achievement concerning purchases from MBE, WBE, and businesses owned by persons with disabilities; and
- an analysis of the number of MBE, WBE, and businesses owned by persons with disabilities that are certified under the program as well as the number of those businesses that received State procurement contracts.

Board officials stated the issues regarding the annual reports were due to the organization licensees not complying with the provisions of the Act and written instructions from the Board by failing to include required details in their reports.

Failure to ensure the requirements of the established goals and contracting requirements for the organization licensees were adequately reported represents noncompliance with the Act. Failure to provide the required details in the annual report prevents the appropriate oversight authorities from receiving relevant information that can have an effect on future decisions and represents noncompliance with the Act. (Finding Code No. 2022-006, 2020-003)

**RECOMMENDATION**

We recommend the Board take action to ensure compliance by its organization licensees to report the data required and ensure it includes all information required by the Act in its annual reports.

**BOARD RESPONSE**

The Board concurs and has instituted corrective actions with the licensees.

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2022-007. **FINDING** (Inadequate Controls over Employment Application Forms)

The Illinois Racing Board (Board) did not have adequate controls over its employment application forms for pari-mutuel clerks, parking attendants, and security guards as required by the Illinois Horse Racing Act (Act).

During our testing, we noted the following:

- Six of 25 (24%) application forms tested did not contain the required declarations.
- For 4 of 25 (16%) applicants tested, the Board was unable to provide a copy of the application form completed within the examination period.

The Act (230 ILCS 5/15.3) requires any person who makes application for an employment position as a pari-mutuel clerk, parking attendant or security guard with a licensee, where such position would involve work conducted in whole or in part at a wagering facility within this State shall be required to fill out an employment application form prescribed by the Illinois Racing Board. Such application form shall require the applicant to state the following:

- whether the applicant has ever been convicted of a felony offense under the laws of this State, the laws of any other state, or the laws of the United States;
- whether the applicant has ever been convicted of a misdemeanor offense under the laws of this State, the laws of any other state, or the laws of the United States, which offense involved dishonesty, fraud, deception or moral turpitude;
- whether the applicant has ever been excluded by the Board or any other jurisdiction where wagering is conducted;
- whether the applicant has ever committed an act of touting, bookmaking, theft, or fraud, as those terms are defined in Section 15.2 of this Act; and
- any other information that the Board may deem necessary to carry out the purposes of Public Act 84-1468.

The State Records Act (5 ILCS 160/8) requires the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Board designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.



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Board officials stated the issues noted were due to failure by the tracks to comply with written instructions from the Board and the provisions of the Act.

Failure to obtain application forms and required declarations may lead to hiring ineligible personnel by the organization licensee and the Board and represents noncompliance with the Racing Act and State Records Act. (Finding Code No. 2022-007, 2020-004)

**RECOMMENDATION**

We recommend the Board enhance their controls over the employment application forms process for pari-mutuel clerk, parking attendant, and security guard applications.

**BOARD RESPONSE**

The Board concurs with the auditor's recommendation and has implemented corrective actions to ensure compliance by the licensees.

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2022-008. **FINDING** (Inadequate Controls over Personal Services)

The Illinois Racing Board (Board) did not maintain adequate controls over employee personnel files, performance evaluations, timekeeping, and training.

During our testing, we noted the following:

- For one of six (17%) employees tested, the Employment Eligibility Verification Form (Form I-9) was not signed by the employee.

The Code of Federal Regulation (CFR) (8 CFR § 274a.2), Verification of Identity and Employment Authorization, designates the Employment Eligibility Verification Form I-9 (Form I-9) as the means of documenting this verification. In addition, the CFR requires a person or entity that hires or recruits or refers for a fee an individual for employment must ensure that the individual properly completes section 1 - “Employee Information and Verification” - on the Form I-9 at the time of hire and signs the attestation.

Board officials stated the exception was due to the employee being hired in the field as a temporary, emergency fill-in employee and leaving employment within a month.

Failure to properly complete Form I-9 is a violation of the CFR requirements and may result in potential employment issues.

- In our testing of 11 performance evaluations for six employees, we noted:
  - Three (27%) performance evaluations were not completed.
  - Five (45%) performance evaluations were not completed timely by the Board. The employee evaluations were completed between 13 to 416 days late.
  - The evaluation period for one performance evaluation (9%) was based on a fiscal year instead of 12 months from the anniversary date as required by Board Policy.

The Board’s Policy Manual Section 3.8 *Employee Evaluations* requires evaluations to be performed due every 12 months from the anniversary date, unless otherwise specified under the Personnel Rules. Further, the Board policy requires annual performance evaluations as of the anniversary date for all full-time employees and at the end of each fiscal year for per diem employees due to the seasonality of racing. In addition, prudent business practices require employee performance evaluations to be performed timely to communicate to employees the strengths and deficiencies in meeting their job responsibilities.

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Board officials stated the non-completion of performance evaluation was due to oversight while the late performance evaluations and use of different evaluation period were due to reduced communication levels between managers and employees during the COVID-19 pandemic.

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.

- One Board employee, functioning as a head of a department, was not included in the required list of filers with the Secretary of State for both Fiscal Years 2021 and 2022. In addition, this employee did not file the required statement of economic interests for both fiscal years.

The State Officials and Employees Ethics Act (Act) (5 ILCS 420/4A-101) requires the following persons to file verified written statements of economic interests with the Secretary of State: persons who are employed by any branch, agency, authority or board of the government of this State, and are compensated for services as employees and not as independent contractors and who are, or function as, the head of a department, commission, board, division, bureau, authority or other administrative unit within the government of this State, or who exercise similar authority within the government of this State.

Board officials indicated the Board assessed the employee does not need to file an economic interest statement since he is a 75-day retiree on a contract and not a full-time employee.

Failure to identify employees required to file statements of economic interest is noncompliance with the Act and may result in potential related-party transactions not being identified timely by the Board.

- For one of six (17%) employees tested, the required initial ethics and sexual harassment prevention training was not completed.

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The Act (5 ILCS 430/5-10) requires each employee to complete his or her initial ethics training within 30 days after commencement of his or her office or employment. Further, the Act (5 ILCS 430/5-10.5) requires each employee to complete, at least annually, a harassment and discrimination prevention training program.

Board officials indicated the non-completion of training was due to the employee being hired as an emergency, temporary fill-in who left employment within a month.

Failure to complete the required training to employees is noncompliance with the Act.

- In our testing of six per diem employees' Monthly Timekeeping Reports, we noted:
  - 18 of 36 (50%) monthly timekeeping reports were reviewed by the employees between 6 to 267 days late. For this testing, all Monthly Timekeeping Reports reviewed and approved by employees during the subsequent month were considered timely.
  - One of 36 (3%) monthly timekeeping reports was not signed by the supervisor.

The Board's Policy Manual Section 3.2.1 *Monthly Timekeeping Report* requires employees to promptly review the Monthly Timekeeping Report to determine whether it accurately reflects (a) time spent on official state business, and (b) authorized leave, to the nearest quarter hour. In addition, the Board's Policy Manual states for Per Diem employees, the monthly Time & Attendance Report is to be certified by the timekeeper and approved by the supervisor prior to submission to the Board's assigned timekeeper.

Board officials stated the exceptions were due to adjustments to work schedules and locations brought about by the COVID-19 pandemic and timing issues with the return of reports when per diem employees are out on non-scheduled duty or seasonal layoff.

Failure to ensure timekeeping reports are timely approved could result in unnecessary personal services expenditures. (Finding Code No. 2022-008)

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**RECOMMENDATION**

We recommend the Board strengthen its internal controls to enforce its policies concerning maintenance of documentation required by laws and regulations, timely completion of employee performance evaluation and mandatory trainings, completeness of economic interest statements, and monitoring and review of employee's time reporting to ensure time reports are reviewed and approved timely.

**BOARD RESPONSE**

The Board agrees with the auditor and has implemented corrective actions to ensure compliance.

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2022-009. **FINDING** (Required Board Composition Not Met)

The Illinois Racing Board (Board) did not have the required number of Board members as mandated by the Illinois Horse Racing Act of 1975 (Act).

During testing, we noted the Board was not composed of the required number of Board members during the examination period. There were 10 Board members as of June 30, 2021 (with 1 vacancy) and seven Board members as of June 30, 2022 (with 4 vacancies).

The Act (230 ILCS 5/4) states the Board shall consist of 11 members to be appointed by the Governor with the advice and consent of the Senate, not more than 6 of whom shall be of the same political party, and one of whom shall be designated by the Governor to be chairman.

Board officials stated the Governor’s office is responsible for all appointments to the Board and may have difficulty finding interested candidates with qualifications as outlined in the Act.

Failure to have the required number of Board members may affect the full and transparent exercise of the Board’s appointed powers and responsibilities and represents noncompliance with the Act. (Finding Code No. 2022-009, 2020-008)

**RECOMMENDATION**

We recommend the Board continue to coordinate with the Office of the Governor regarding Board member vacancies to ensure compliance with the required Board composition of the Act.

**BOARD RESPONSE**

The Board concurs and will continue to coordinate and work with the Office of the Governor regarding its vacancies.

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2022-010. **FINDING** (Inadequate Controls over Reporting)

The Illinois Racing Board (Board) did not file statutorily required reports or did not file timely.

During testing, we noted the following:

- The Board submitted a report of its acts and doings to the Office of the Governor for Calendar Years 2020 and 2021 reports 53 and 39 days late, respectively.

The State Finance Act (Act) (30 ILCS 105/3) required the Board to make and deliver a report to the Governor of its acts and doings for the previous fiscal year at least 10 days preceding each regular session of the General Assembly. Effective May 13, 2022 the annual reports are required to be submitted by January 7 of each year.

- The Board provided copies of its published Calendar Years 2020 and 2021 reports to the Government Documents Section of the Illinois State Library 496 and 6 days late, respectively.

The Illinois Administrative Code (23 Ill. Admin Code 3020.110) requires the Board within one week after receipt of copies of publications it intends to issue, the Board shall send 2 copies of all publications, priced and non-priced, to the Government Documents Section, Illinois State Library.

- The Board did not submit its responses to the 2022 Employment Plan Survey (employment data as of June 30, 2021) regarding the State Hispanic Employment Plan, the State Asian-American Employment Plan, Native American Employment Plan, and the African American Employment Plan to the Department of Central Management Services Department (CMS) to include the information in its report to the General Assembly.

The Civil Administrative Code of Illinois (20 ILCS 405/405-125) requires State agencies to report annually to CMS and the Department of Human Rights (DHR), in a format prescribed by the CMS, all of the agency's activities in implementing the State Hispanic Employment Plan, the State Asian-American Employment Plan, and the Native American Employment Plan.

In addition, the African American Employment Plan Act (20 ILCS 30/20) requires State agencies to report annually to CMS and DHR in a format prescribed by the CMS, all of the agency's activities in implementing the African American Employment Plan.

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- The Board submitted one of four (25%) Travel Headquarters (TA-2) reports to the Legislative Audit Commission (LAC) 58 days late.

The State Finance Act (30 ILCS 105/12-3) requires the Department to file Form TA-2 reports with the LAC no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period from July 1 through December 31 of the preceding year.

Board officials stated they follow the Illinois Horse Racing Act which calls for the Board's annual report to be submitted by March 1 of each year and does not coincide with the State Finance Act. Board officials added the delay in the submission of report copies to the Government Documents Section was due to Board staff complying with COVID-19 restrictions at the time publications were received and exceptions on the employment plan survey and TA-2 report were due to employee oversight.

Failure to submit or timely submit statutorily required reports and information prevents the appropriate oversight authorities from receiving relevant feedback and monitoring on programs and can have an effect on future decisions. Moreover, failure to submit such reports and accurate information represents noncompliance with applicable State laws and regulations. (Finding Code No. 2022-010)

**RECOMMENDATION**

We recommend the Board strengthen its controls over reporting to ensure statutorily required reports are prepared and submitted timely as required by State laws.

**BOARD RESPONSE**

The Board concurs and has implemented corrective actions to ensure compliance.



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2022-011. **FINDING** (Inadequate Controls over State Vehicles)

The Illinois Racing Board (Board) did not maintain adequate controls over its State vehicles.

During testing, we noted the following:

- Two of three (67%) vehicles tested did not have routine oil changes performed within the mileage intervals required by the Board policy. The oil change overages ranged from 1,861 to 3,593 miles beyond the allowed interval.
- For one of three (33%) vehicles tested, the annual inspection was not performed timely (61 days late).

The Board's Vehicle Use Policy (Policy) requires regular maintenance for State vehicles to reduce operating costs and extend the life of the vehicle. The Policy requires lube, oil and filter changes to be performed every 3,000 miles or 12 months (on vehicles 10 years and older) or every 5,000 miles or 12 months (for vehicles 9 years and newer), whichever comes first. The Policy also requires an annual inspection to be performed once every 12 months for vehicles over 2 years or 24,000 miles at a Department of Central Management Services garage or authorized vendor.

Board officials stated the exception on oil changes was due to the contracted garages not having normal operating hours or being closed due to COVID-19, while the exception on annual inspection was due to contracted garages ceasing to exist due to COVID-19.

Failure to adequately maintain vehicles may cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles. (Finding Code No. 2022-011)

**RECOMMENDATION**

We recommend the Board strengthen its controls over maintenance of its State vehicles to ensure compliance with its Policy and State laws and regulations.

**BOARD RESPONSE**

The Board concurs and has implemented corrective actions to ensure compliance.

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2022-012. **FINDING** (Failure to Implement Control over Service Providers)

The Illinois Racing Board (Board) failed to implement adequate internal controls over its service providers.

We requested the Board provide the population of service providers utilized to determine if they had reviewed the internal controls over their service providers. In response to our request, the Board identified service providers providing the following services:

- Wagering support at different racetracks
- Licensing system and support
- Use of IT systems and services

We also requested the Board provide documentation on their review of internal controls for the service providers. The Board provided three System and Organization Control (SOC) reports from three service providers during the examination period. Our testing noted:

- Documentation on the Board’s analysis of the SOC reports to determine the impact of the opinions and noted deviations was not provided.
- An analysis of the Complementary User Entity Controls (CUECs) documented in the three SOC reports and the Board’s compliance with the CUECs was not completed.
- The three service providers SOC reports did not cover the entire examination period. At the time of our testing in October 2022, the bridge letter obtained by the Board from the three service providers did not cover from end of period 1 SOC report to June 30, 2022. In February 2023, the Board provided the October 2022 and November 2022, SOC report of the three service providers that covers the examination period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State’s resources.

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), System and Service Acquisition section, requires entities outsourcing their information technology environment or operations to obtain assurance over the entities’ internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

Board management indicated the exceptions noted were due to competing priorities and lack of resources.

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Failure to implement adequate controls over service providers could result in inadequate controls at the service providers and unknown risks to the Board's applications and data. (Finding Code No. 2022-012)

**RECOMMENDATION**

We recommend the Board:

- Obtain and review SOC reports.
- Monitor and document the operation of CUECs related to the Board'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.
- Document the review of the SOC reports and all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impact to the Board, and any compensating controls.
- Ensure all contracts and agreements contain requirements for an independent review.

**BOARD RESPONSE**

The Board concurs and has started the process of implementing the auditor's recommendations.

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2022-013. **FINDING** (Failure to Implement Controls over Cybersecurity Programs and Practices)

The Illinois Racing Board (Board) failed to implement internal controls related to cybersecurity programs, practices and control of confidential information.

The Board is mandated to regulate horse racing and to ensure the honesty and integrity of Illinois racing and wagering. In order to carry out their mission, the Board utilizes several Information Technology (IT) applications which contain confidential and personal information.

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

- Had not developed a formal, comprehensive, adequate and communicated security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental and operational requirements.
- Did not require employees and contractors to acknowledge receipt of security policies and procedures.
- Had not developed a project management framework to ensure new applications were adequately developed and implemented in accordance with management's expectations.
- Had not defined cybersecurity roles and responsibilities.
- Had not established a data classification methodology or classified its data.
- Had not established a risk assessment methodology, conducted a comprehensive risk assessment, or implemented risk reducing internal controls.
- Had not established comprehensive policies or procedures for reporting security violations, monitoring security events, timely follow-up and corrective actions taken to address identified security events.

During our testing of cybersecurity training, we noted 1 of 52 (2%) and 8 of 32 (25%) employees did not complete training for Calendar Year 2020 and 2021 respectively. In addition, during our detailed testing of a sample of six employees, we noted two (33%) employees' Calendar year 2021 completion date for completion of cybersecurity training was not documented.

*The Framework for Improving Critical Infrastructure 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.

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The Data Security on State Computers Act (20 ILCS 450/25 (b)) states every employee is to annually undergo training by the Department of Innovation and Technology concerning cybersecurity.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Board management indicated conflicting priorities and management oversight contributed to the weaknesses.

Failure to implement internal controls related to cybersecurity programs, practices and control of confidential information could result in unidentified risk and vulnerabilities and ultimately lead to the Board's personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2022-013)

**RECOMMENDATION**

We recommend the Board:

- Develop a formal, comprehensive, adequate and communicated security program to manage and monitor the regulatory, legal, environmental and operational requirements.
- Require employees and contractors to acknowledge receipt of security policies and procedures.
- Develop a project management framework to ensure new applications are adequately developed and implemented in accordance with management's expectations.
- Define cybersecurity roles and responsibilities.
- Establish a data classification methodology and classify its data.
- Establish a risk assessment methodology, conduct a comprehensive risk assessment, and implement risk reducing internal controls.
- Establish comprehensive policies or procedures for reporting security violations, monitoring security events, timely follow-up and corrective actions taken to address identified security events.
- Ensure all employees complete the annual cybersecurity training and documentation of completion is maintained.

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**BOARD RESPONSE**

The Board accepts the auditors' recommendations. While the Board continues to have work priority and resource challenges, it will continue to research for the most effective method to document and maintain the suggested steps in the recommendation.

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2022-014. **FINDING** (Disaster Recovery Weaknesses)

The Racing Board (Board) had not developed a disaster recovery plan in order to recover their applications and data.

During the examination period, the Board had not developed a disaster recovery plan in order to recover their applications and data.

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.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Board management indicated conflicting priorities contributed to the weaknesses.

Without an adequately documented and tested disaster recovery plan, the Board cannot ensure its critical systems could be recovered within an acceptable period, and therefore minimizing the impact associated with a disaster. (Finding Code No. 2022-014)

**RECOMMENDATION**

We recommend the Board develop a disaster recovery plan in order to recovery their applications and data. Upon development, we recommend the Board test the plan annually.

**BOARD RESPONSE**

The Board partially agrees. The Board, despite limited resources, worked with DoIT for months to develop a Data Recovery Plan which was signed on June 30, 2022 and believe that it covered the compliance period ended June 30, 2022.

**STATE OF ILLINOIS**  
**ILLINOIS RACING BOARD**  
**SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED**  
**For the Two Years Ended June 30, 2022**

A. **FINDING** (Failure to Enforce Withholding of Child Support Due)

During the prior examination, the Board did not ensure requirements for advance deposit wagering (ADW) licensees to withhold delinquent child support due from certain winnings were implemented for all ADW licensees.

During the current examination, we noted the Board ensured all ADW licensees implemented a child support withholding process or integration with the Department of Healthcare and Family Services data in order to withhold delinquent child support from winnings. (Finding Code No. 2020-001, 2018-002, 2016-010)

B. **FINDING** (Inadequate Controls over Admission Tax)

During the prior examination, the Board did not have adequate controls over admission tax collections. Specifically, it was noted there were no review and audit of admission records of racetracks performed by the Board starting the third quarter of Fiscal Year 2019 through the fourth quarter of Fiscal Year 2020.

During the current examination, our sample testing indicated the Board performed the review and audit of admission records of racetracks during the examination period. (Finding Code No. 2020-005, 2018-011)

C. **FINDING** (Inadequate Monitoring of Racing Requirements)

During the prior examination, the Board did not always enforce specific statutory racing requirements for thoroughbred organization licensees (racetracks). Specifically, it was noted racetracks did not offer at least six races in a week limited to Illinois-bred horses.

During the current examination, our sample testing indicated the Board's monitoring process had significantly improved; however, we still noted exceptions in our testing. As such, the issue was reported in the Board's *Report of Immaterial Findings*. (Finding Code No. 2020-006, 2018-008, 2016-017, 2014-012, 12-11)

D. **FINDING** (Outdated Records Retention Schedule)

During the prior year examination, the Illinois Racing Board (Board) has not updated its records retention schedule.

During the current examination, we noted the Board has an existing records retention schedule and its record series did not change. (Finding Code No. 2020-007, 2018-009, 2016-018)