

REPORT DIGEST

**ILLINOIS DEPARTMENT OF AGRICULTURE
DU QUOIN STATE FAIR
COMPLIANCE AUDIT
FOR THE TWO YEARS ENDED SEPTEMBER 30, 1995**

{Expenditures and Activity Measures are summarized on the reverse page.}

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

EXPENDITURES CHARGED TO INCORRECT LINE ITEM

The Department is not following appropriate methodology for charging fair costs. Approximately \$117,687 of expenditures for Du Quoin State Fair related activities and administrative costs were charged to line items appropriated for the Illinois State Fair and non-fair activities at the Du Quoin State Fairgrounds.

The Department's 1995 Appropriation Bill states "The sum of \$150,000, or so much thereof as may be necessary, is appropriated from the Agricultural Premium Fund to the Department of Agriculture to conduct activities at the Illinois State Fairgrounds at Du Quoin other than the Illinois State Fair. No expenditures from the appropriation shall be authorized until revenues from fairground uses sufficient to offset such expenditures have been collected and deposited into the Agricultural Premium Fund."

We recommended that the Department follow appropriate methodology for charging fair costs among line items as specified in the Department's appropriation. (Finding 1, page 7. Reworded in 1995)

The Department concurs with our recommendation. Department officials state, "Some expenditures relate to both fair and non-fair activities. When this occurs, the Department must assign costs as they deem appropriate."

INADEQUATE SEGREGATION OF DUTIES

Cash receipts and recordkeeping functions are inadequately segregated in the Central Cashiers Office and the Space Rental Office.

During our review of internal controls, we noted that one individual in the Central Cashier's office receives the cash and checks from the various departments, records and deposits the receipts, and reconciles the bank account. We also noted that the manager of the Space Rental office prepares the space rental contracts and also receives and processes the space rental fees relating to the contracts. Due to the small size of the Fair office and temporary peak workloads, it is difficult to assign additional staff to the areas noted above.

Good business practice and generally accepted internal control principles dictate that adequate segregation of duties be established to reduce the likelihood of undetected errors and potential revenue losses from other causes.

We recommended the Department develop and implement the maximum control procedures which would provide for some segregation of duties for the various functions. At the very least, the bank reconciliation should be performed by someone other than the cashier. (Finding 4, page 11. Reworded in 1995.) **This finding has been repeated since 1989.**

Department officials concurred and stated the Department will attempt to implement procedures that provide for an adequate segregation of duties without incurring substantial expenses. (See Digest footnote #1 for previous agency responses.)

OTHER FINDING

The remaining finding is less significant. We will review progress toward implementation of our recommendation during our next audit.

AUDITORS' OPINION

The Du Quoin State Fair's funds were audited in our financial audit of the Illinois Department of Agriculture.

WILLIAM G. HOLLAND, Auditor General

WGH:KMC:pp

SUMMARY OF AUDIT FINDINGS

Number of This Audit
Prior Audit
Audit Findings 33
Repeated Audit Findings 21
Prior Recommendations Implemented
or Not Repeated 10

SPECIAL ASSISTANT AUDITORS

Sikich, Gardner & Co. were our special assistant auditors for this audit.

DIGEST FOOTNOTES

#1: INADEQUATE SEGREGATION OF DUTIES - Previous Agency Responses

1993:"The Department concurs. Prior to the 1994 fair, procedures will be evaluated to determine methods that provide for an adequate segregation of duties within the central cashier's office."

1991:"The Department will continue to attempt to implement this recommendation. Unfortunately, the lack of staff noted in the finding will most likely continue in the next budget cycle."

1989:"The Department will continue to attempt to find ways to segregate duties."

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DU QUOIN STATE FAIR
COMPLIANCE AUDIT
For The Two Years Ended September 30, 1995

REVENUE AND EXPENDITURE STATISTICS	FY 1995	FY 1994	FY 1993
●Total Revenue	\$1,283,135	\$1,022,740	\$1,065,872
Tickets % of Revenue	\$668,906 52%	\$517,194 50%	\$596,907 56%
Space Rental: Fair % of Revenue	\$396,476 31%	\$323,355 32%	\$289,536 27%
Space Rental: Non-Fair % of Revenue	\$194,003 15%	\$161,208 16%	\$159,219 15%
Entry Fees % of Revenue	\$23,750 2%	\$20,983 2%	\$20,210 2%
●Total Expenditures (All Funds)	\$1,707,623	\$1,447,803	\$1,504,494
Personal Services % of Expenditures	\$199,664 12%	\$190,014 13%	\$218,715 15%
Other Payroll Costs (FICA, Retirement) % of Expenditures	\$26,996 1%	\$26,676 2%	\$31,355 2%
Contractual Services % of Expenditures	\$489,565 29%	\$327,227 23%	\$341,033 23%
Fair Entertainment % of Expenditures	\$490,550 29%	\$490,680 34%	\$511,787 34%
Premiums and Awards % of Expenditures	\$159,594 9%	\$156,844 11%	\$134,058 9%
Non-Fair Activities % of Expenditures	\$245,254 14%	\$164,110 11%	\$170,628 11%
All Other Operations Items % of Expenditures	\$96,000 6%	\$92,252 6%	\$96,918 6%
● (Deficiency) of Revenues Over Expenditures	(\$424,488)	(\$425,063)	(\$438,622)
SUPPLEMENTARY INFORMATION	FY 1995	FY 1994	FY 1993
●Employment Statistics (Approximate)			
Full Time Employees	6	6	6
September through May (Temporary)	5	10	13
June (Temporary)	6	7	30
July through August (Temporary)	272	294	335
●Selected Activity Measures			
Estimated Attendance (Unaudited)	364,105	359,342	336,000
Grandstand Shows - Tickets Sold (Unaudited)	31,980	28,562	38,812
Grandstand Show Revenues	\$474,067	\$369,712	\$344,832
Grandstand Show Expenditures	\$544,509	\$412,927	Not available
●Pari-mutuel Wagering Receipts			
Pari-mutuel Wagering Receipts	\$141,858	\$167,120	\$85,349
Pari-mutuel Wagering Expenditures	\$189,075	\$192,845	\$158,182

AGENCY DIRECTOR
During Audit Period: Ms. Rebecca Doyle Currently: Ms. Rebecca Doyle