



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS RACING BOARD**

Compliance Examination  
 For the Two Years Ended June 30, 2020

Release Date: April 22, 2021

FINDINGS THIS AUDIT: 9	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2018		5	
Category 2:	3	4	7	2016	1	7	
Category 3:	1	0	1	2014		2	
TOTAL	4	5	9	2012		6	
FINDINGS LAST AUDIT: 11							

**SYNOPSIS**

- **(20-01)** 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.
- **(20-02)** The Board did not comply with, or enforce compliance with, provisions of the Horse Racing Act of 1975 and the Illinois Administrative Code at the racetracks.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**ILLINOIS RACING BOARD  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2020**

<b>EXPENDITURE STATISTICS</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total Expenditures.....</b>	<b>\$ 5,903,372</b>	<b>\$ 6,002,330</b>	<b>\$ 6,468,690</b>
OPERATIONS TOTAL.....	\$ 4,092,148	\$ 4,558,693	\$ 5,088,740
% of Total Expenditures.....	69.3%	76.0%	78.7%
Personal Services.....	1,653,994	1,775,806	2,099,706
Other Payroll Costs (FICA, Retirement).....	1,433,327	1,574,590	1,689,810
All Other Operating Expenditures.....	1,004,827	1,208,297	1,299,224
AWARDS AND GRANTS.....	\$ 1,811,149	\$ 1,443,527	\$ 1,379,301
% of Total Expenditures.....	30.7%	24.0%	21.3%
REFUNDS.....	\$ 75	\$ 110	\$ 649
% of Total Expenditures.....	0.0%	0.0%	0.0%
<b>Total Receipts.....</b>	<b>\$ 5,452,644</b>	<b>\$ 1,780,409</b>	<b>\$ 2,884,236</b>
<b>Average Number of Employees.....</b>	<b>46</b>	<b>51</b>	<b>49</b>

<b>AGENCY DIRECTOR</b>
During Examination Period: Domenic DiCera
Currently: Domenic DiCera

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **FAILURE TO ENFORCE WITHHOLDING OF CHILD SUPPORT DUE**

The Illinois Racing Board (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.

**Three of 6 (50%) Advance Deposit  
Wagering licensees did not  
implement a process to withhold  
delinquent child support**

During our testing of the ADW licensees withholding of delinquent child support due from certain winnings, we noted three of 6 (50%) ADW licensees tested did not implement a child support withholding process or integration with the Department of Healthcare and Family Services (HFS) data in order to withhold delinquent child support from winnings subject to the Internal Revenue Service (IRS) and withholding on Form W-2G during Fiscal Years 2019 and 2020.

According to the Board's annual reports, ADW licensees paid out \$163.8 million and \$171.6 million in winnings to the public during Calendar Year 2018 and Calendar Year 2019, respectively. (Finding 1, pages 11-12) **This finding has been repeated since 2016.**

We recommended the Board enforce the Act's requirements to withhold delinquent child support from winning wagers subject to the IRS and withholding on a Form W-2G.

**Board concurs with the  
recommendation**

Board officials concurred with the recommendation and stated the ADW licensees are now in full compliance with the Act.

### **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 racetrack (organizational licensees).

During testing, we noted the following:

**Two of 22 (9%) employees tested did  
not have valid identification badges**

- For two of 22 (9%) employees tested at a standardbred racetrack, one employee was not able to present an identification badge and another employee's Board-issued identification was expired.

**One of 6 (17%) races did not have  
owner present for urine extraction**

- For one of 6 (17%) observed races at a thoroughbred racetrack, we noted the horse's owner or trainer or

his/her representative was not present during urine extraction and blood sample testing. (Findings 2, pages 13-14) **This finding has been repeated since 2014.**

We recommended 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 agrees with the recommendation**

Board officials agreed with the recommendation and stated they have implemented corrective action to ensure full compliance.

**OTHER FINDINGS**

The remaining findings pertain to noncompliance with annual reporting requirements, inadequate controls over employment application forms and admission tax, inadequate monitoring of racing requirements, an outdated record retention schedule, Board composition, and a lack of change control policy and inadequate segregation of duties. We will review the Board's progress towards the implementation of our recommendations in our next compliance examination.

**ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the Board for the two years ended June 30, 2020, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2020-001. Except for the noncompliance described in this finding, the accountants stated the Board complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by Adelfia LLC.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

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