



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, 2022

Release Date: March 30, 2023

FINDINGS THIS AUDIT: 14				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>3</b>	<b>1</b>	<b>4</b>	2020	<b>4</b>	<b>6, 7</b>	<b>9</b>
<b>Category 2:</b>	<b>6</b>	<b>3</b>	<b>9</b>	2014		<b>5</b>	
<b>Category 3:</b>	<b>0</b>	<b>1</b>	<b>1</b>				
<b>TOTAL</b>	<b>9</b>	<b>5</b>	<b>14</b>				
<b>FINDINGS LAST AUDIT: 9</b>							

**SYNOPSIS**

- **(22-01)** The Illinois Racing Board’s (Board) internal controls over its voucher processing function were not operating effectively during the examination period.
- **(22-02)** The Board failed to implement controls over users’ access to the Board’s applications and data.
- **(22-03)** The Board did not have adequate controls over the data migration to a new licensing system.

**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.

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**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.

**13% of attributes not properly  
entered into ERP**

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.

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 and the Illinois Administrative Code and noted the following noncompliance:

**Vouchers approved between 1 and  
286 days late**

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

**Board did not approve interest for  
vendor**

- The Board owed one vendor interest totaling \$14 in Fiscal Year 2022; however, the Board did not approve this voucher for payment to the vendor. (Finding 1, pages 10-11)

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

**Board concurred**

Board officials concurred with the recommendation and stated it has instituted internal control measures to ensure compliance.

**FAILED TO IMPLEMENT USER ACCESS CONTROLS**

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

**Board unable to demonstrate population was complete and accurate**

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.

**18% of PITS user's accounts were shared**

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.

**Numerous users no longer required access**

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 noted 7 of 12 (58%) CTAS users no longer required access, 3 of 15 (20%) eTime users no longer required access and 1 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. (Findings 2, pages 12-13)

We recommended the Board strengthen its controls to ensure documentation is maintained to demonstrate the completeness and accuracy of the Board's populations. In addition, we recommended, the Board review the user accounts to ensure the user's access is appropriate and shared accounts are assigned to specific individuals for accountability. Further we recommended the Board establish policies and procedures documenting the internal controls over access provisioning and ensure accounts of terminated users are timely disabled.

**Board agreed**

Board officials agreed with the recommendation and stated it has initiated a plan of action.

**INADEQUATE CONTROLS OVER DATA MIGRATION TO A NEW LICENSING SYSTEM**

The 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 utilized for licensing, enforcement, and as a rule tracking database.

As part of our 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:

**Migrated data accuracy not verified**

- 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 migrated records.
- Four of 28 (14%) licensee records had the incorrect licensing year information transferred to the HRC-IL System. (Finding 3, pages 14-15)

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

**Board agreed**

Board officials agreed with the recommendation and stated it has initiated a plan of action.

**OTHER FINDINGS**

The remaining findings pertain to a lack of change control policy and inadequate segregation of duties, noncompliance with racing laws and regulations and annual reporting requirements, inadequate controls over employment application forms, personal services, reporting, and State vehicles, board membership, service providers, cybersecurity programs and practices and disaster recovery weaknesses. 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, 2022, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2022-001 through 2022-004. Except for the noncompliance described in these findings, 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**

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JANE CLARK  
Division Director

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

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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