



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE FAIR

**Compliance Examination
 For the Two Years Ended September 30, 2021**

Release Date: June 22, 2022

FINDINGS THIS AUDIT: 6	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2017	1	3	
Category 2:	3	2	5	2011		2	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	3	3	6				
FINDINGS LAST AUDIT: 3							

SYNOPSIS

- **(21-1)** The Illinois State Fair did not properly reconcile its financial records.
- **(21-2)** Due to ambiguous language within the Illinois Horse Racing Act of 1975, we were unable to conclude whether the Illinois State Fair was in compliance with the Act during the examination period.

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

WEAKNESS IN RECEIPT RECONCILIATIONS

The Illinois State Fair (ISF) did not properly reconcile its financial records.

ISF unable to reconcile 2021 ISF receipt to Department’s Receiving System

The ISF was unable to properly reconcile the 2021 Fair receipts in the Fair Management System (FMS) to the Illinois Department of Agriculture’s (Department) Receiving System. The Department’s monthly Deposit and Cash reconciliations have not been completed or balanced. Therefore, ISF was unable to provide supporting documentation for Fiscal Years 2021 adjustments entered in the Department’s Receiving System to ensure entries were correct and supported. (Finding 1, page 10-11) **This finding has been reported since 2017.**

We recommended ISF work with the Department to ensure monthly receipt reconciliations are performed, reviewed, and approved. We also recommended, after the reconciliations are performed, the ISF notify the IOC and resolve all differences noted during the reconciliation process, if applicable.

ISF officials accepted the recommendation

ISF officials accepted the finding and stated ISF Management is working with the Bureau of Budget and Fiscal Services (BBFS) to establish a system for monthly reconciliations between ISF and BBFS. Further, ISF officials stated it is also working with the Department of Innovation and Technology to replace the Fair Management System (FMS), which is no longer supported, with a program that will work cohesively with established software systems within the State’s financial system.

AMBIGUOUS STATUTORY LANGUAGE

We were unable to conclude compliance with the Act

Due to ambiguous language within the Illinois Horse Racing Act of 1975 (Act) (230 ILCS 5/31(j)(3)), we were unable to conclude whether the Illinois State Fair (ISF) was in compliance with the Act during the examination period.

The Illinois Horse Racing Act (230 ILCS 5/31(j)(3)) states, “...at least a 5-day racing program shall be conducted at the State Fair each year...”

Since the release of the ISF’s State Compliance Examination for the two years ended September 30, 2011, we have interpreted § 31(j)(3) of the Act to mean a five day racing program should be annually conducted at both the ISF and the DuQuoin State Fair (DSF). Our consistent recommendation over the past ten years has been the ISF should either hold a five-day racing program or seek legislative remedy. The ISF has consistently agreed with this recommendation over the past ten years.

Unclear interpretation of the definition of “State Fair” in the Act

However, during the current period’s examination, ISF management has reviewed and reassessed its interpretation of the definition of the term “State Fair” within § 31(j)(3) of the Act. According to ISF officials, they conducted an in-depth review of the whole Act, particularly § 31(l) and § 31(g) of the Act, to conclude the Act requires a total five-day racing program between both the ISF and DSF. As the ISF held a four-day racing program and the DSF held a two-day racing program during 2021, ISF management believes it is in compliance with the Act.

When re-reading the Act in its entirety, we noted the Act appears to have made, at least, some distinction between the DSF and ISF. We noted some sections of the Act appear to use ISF and “State Fair” interchangeably, and other sections appear to use “State Fair” as meaning both fairs. However, most sections of the Act refer to ISF as the “Illinois State Fair” and the DSF as the “DuQuoin State Fair.” We also were unable to determine if a typographical error existed by omitting an “s” at the end of “State Fair” when the legislation was drafted. Further, we noted “State Fair” is not defined by the Act. As such, we concluded an ambiguity exists within the Act as currently drafted on how to interpret the Act’s racing program requirement. (Finding 2, page 12-13) **This finding has been reported since 2011.**

We recommended the ISF either hold a five-day racing program or work with the General Assembly to seek legislative remedy to clarify the meaning of the term “State Fair” within the Act, as the State has both the DSF and the ISF.

ISF officials accepted the recommendation

ISF officials accepted the finding and stated it will do its best to hold a five-day racing program, unless an alternate racing program is requested by the Illinois Standardbred Breeders Fund Advisory Board pursuant to Section 31(j)(3) of the Horse Racing Act of 1975.

OTHER FINDINGS

The remaining findings pertain to weaknesses in contract administration and inadequate controls over gates and parking admissions, space rentals, and temporary employee timesheets. We will review the ISF’s progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the ISF for the two years ended September 30, 2021, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2021-001. Except for the noncompliance described in this finding, the accountants stated the ISF 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

FJM:jv