



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS GAMING BOARD

Compliance Examination
 For the Two Years Ended June 30, 2018

Release Date: March 21, 2019

FINDINGS THIS AUDIT: 6	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2014		6	3
Category 2:	1	4	5	2012		1, 4, 5	
Category 3:	<u>0</u>	<u>1</u>	<u>1</u>				
TOTAL	1	5	6				
FINDINGS LAST AUDIT: 7							

SYNOPSIS

- (2018-001) The Board did not maintain adequate controls over personal services.
- (2018-002) The Board did not submit all required Travel Headquarters reports timely to the Legislative Audit Commission.

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.

{Financial information and Activity Measures are summarized on next page.}

**ILLINOIS GAMING BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

EXPENDITURE STATISTICS	2018	2017	2016
Total Expenditures.....	\$ 133,864,838	\$ 137,429,611	\$ 141,853,521
OPERATIONS TOTAL.....	\$ 44,545,647	\$ 46,579,795	\$ 49,188,411
% of Total Expenditures.....	33.3%	33.9%	34.7%
Personal Services.....	24,213,396	25,849,760	27,596,835
Other Payroll Costs (FICA, Retirement).....	17,579,000	17,876,214	19,382,367
All Other Operating Expenditures.....	2,753,251	2,853,821	2,209,209
AWARDS AND GRANTS.....	\$ 89,319,191	\$ 90,849,816	\$ 92,665,110
% of Total Expenditures.....	66.7%	66.1%	65.3%
Total Receipts.....	\$ 900,764,251	\$ 845,296,370	\$ 803,794,714
Average Number of Employees (Not Examined).....	145	156	172
SELECTED ACTIVITY MEASURES (Not Examined)	Calendar Year 2017	Calendar Year 2016	Calendar Year 2015
Number of Riverboat Licensees.....	10	10	10
Gross Receipts.....	\$ 1,407,993,353	\$ 1,413,478,308	\$ 1,438,029,348
Number of Admissions.....	11,696,932	12,344,698	12,929,868
Riverboat Taxes			
State Share.....	\$ 393,360,914	\$ 394,926,351	\$ 403,167,011
Local Share.....	82,093,143	83,066,287	84,871,612
Total Riverboat Taxes.....	<u>\$ 475,454,057</u>	<u>\$ 477,992,638</u>	<u>\$ 488,038,623</u>
BOARD ADMINISTRATOR			
During Examination Period: Mr. Mark Ostrowskis (7/1/16 - 3/27/18), Mr. Agostino Lorenzini (Acting Administrator, effective 3/27/18)			
Currently: Mr. Agostino Lorenzini, Acting Administrator			

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

INADEQUATE CONTROLS OVER PERSONAL SERVICES

The Board did not maintain adequate controls over personal services.

Employees' time sheets did not total or agree to recorded time off

During testing, we noted three of 25 (12%) employees' time sheets did not total the required hours or agree to the attendance records for time off. (Finding 1, page 10) **This finding has been repeated since 2012.**

We recommended the Board comply with the Act regarding proper timekeeping.

Board agreed with auditors

Board personnel agreed with our recommendation and stated Human Resources is working with Board personnel to address this item and in developing a fillable reporting form that will aid in verifying accuracy of employee worktime and timesheets. *(For the previous Department response, see Digest Footnote #1.)*

UNTIMELY FILING OF THE TA-2 REPORTS

The Board did not submit all required Travel Headquarters reports timely.

FY17 Form TA-2's filed 16 and 197 days late

During testing, we noted both Travel Headquarters reports (Form TA-2) required to be filed in fiscal year 2017 were filed 16 and 197 days late to the Legislative Audit Commission (Commission). The Board had no employees or officers that were required to be reported on the TA-2 form. (Finding 2, page 11)

We recommended the Board timely file its Form TA-2's.

Board agreed with auditors

Board personnel agreed with the recommendation and stated the Board will try to ensure the TA-2's are filed on a timely basis going forward.

OTHER FINDINGS

The remaining findings pertain to inconsistent provisions of the Riverboat Gambling Act, lack of a formalized change management standard, weaknesses regarding the security and control of confidential information, and a lack of disaster recovery planning and testing to ensure recovery of computer applications and data. 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, 2018, as required by the Illinois State Auditing Act. The accountants stated the Board complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by BKD, LLP.

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

DIGEST FOOTNOTES

#1 - INADEQUATE CONTROLS OVER PERSONAL SERVICES

2016: The Board agrees with the recommendation. It will continue to be the Board's goal to conduct timely performance evaluations as well as ensure all employees sign-in and/or sign-out during their regular scheduled shift and maintain time sheets which agree to detailed attendance records for time off.