



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, 2020

Release Date: March 31, 2021

| FINDINGS THIS AUDIT: 5 | AGING SCHEDULE OF REPEATED FINDINGS | | | |
|------------------------|-------------------------------------|------------|------------|------------|
| | Repeated Since | Category 1 | Category 2 | Category 3 |
| Category 1: | 2014 | | 20-5 | |
| Category 2: | 2012 | | 20-1, 20-4 | |
| Category 3: | | | | |
| TOTAL | | | | |

| | <u>New</u> | <u>Repeat</u> | <u>Total</u> |
|--------------|------------|---------------|--------------|
| Category 1: | 0 | 0 | 0 |
| Category 2: | 2 | 3 | 5 |
| Category 3: | 0 | 0 | 0 |
| TOTAL | 2 | 3 | 5 |

FINDINGS LAST AUDIT: 6

SYNOPSIS

- (2020-001) The Board did not maintain adequate controls over personal services.
- (2020-003) The Board did not submit 2019 and 2020 Annual Reports of its acts and doings.

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

| EXPENDITURE STATISTICS | 2020 | 2019 | 2018 |
|--|-----------------------|-----------------------|-----------------------|
| Total Expenditures..... | \$ 107,889,665 | \$ 134,650,616 | \$ 133,864,838 |
| OPERATIONS TOTAL..... | \$ 46,892,741 | \$ 47,922,178 | \$ 44,545,397 |
| % of Total Expenditures..... | 43.5% | 35.6% | 33.3% |
| Personal Services..... | 25,049,657 | 26,793,248 | 24,213,396 |
| Other Payroll Costs (FICA, Retirement)..... | 18,874,299 | 18,166,672 | 17,579,000 |
| All Other Operating Expenditures..... | 2,968,785 | 2,962,258 | 2,753,001 |
| AWARDS AND GRANTS..... | \$ 60,986,824 | \$ 86,706,838 | \$ 89,319,191 |
| % of Total Expenditures..... | 56.5% | 64.4% | 66.7% |
| REFUNDS..... | \$ 10,100 | \$ 21,600 | \$ 250 |
| % of Total Expenditures..... | 0.0% | 0.0% | 0.0% |
| Total Receipts..... | \$ 821,192,327 | \$ 944,304,611 | \$ 899,941,497 |
| Average Number of Employees | 155 | 150 | 145 |
| BOARD ADMINISTRATOR | | | |
| During Examination Period: Mr. Agostino Lorenzini (Acting Administrator, through 5/15/19), Mr. Marcus Fruchter (effective 5/16/19) | | | |
| Currently: Mr. Marcus Fruchter | | | |

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

INADEQUATE CONTROLS OVER PERSONAL SERVICES

The Board did not maintain adequate controls over personal services.

During testing, we noted the following:

Employees did not submit time sheets

- The Board did not have its employees complete and submit their timesheets during remote working period from March 20, 2020 through June 30, 2020.

Performance evaluations were not completed timely

- Fourteen of 25 (56%) employees' performance evaluations were not completed in a timely manner. The evaluations were completed 28 to 363 days after the due dates. (Finding 1, pages 10-11) **This finding has been repeated since 2012.**

We recommended the Board have its employees submit timesheets as required by the State Officials and Employees Ethics Act and timely conduct annual performance evaluations in accordance with the Illinois Administrative Code and the Board's Employee Handbook.

Board agreed with auditors

Board management agreed with our recommendation and stated the Board understands the importance of proper employee documentation of time worked and the Board upgraded its system of manual time-sheets to an electronic time-keeping solution for most employees. Also, Board management stated the Board will implement procedures, including the hiring of additional Human Resources staff, to better ensure that performance reviews are completed in a timely manner.

FAILURE TO FILE ANNUAL REPORTS

The Board did not submit 2019 and 2020 Annual Reports of its acts and doings.

Did not submit fiscal years 2019 and 2020 Annual Reports

During testing, we noted the Board did not file its Annual Reports for fiscal years 2019 and 2020 with the Governor's Office in the statutorily required timeframe. (Finding 3, page 13)

We recommended the Board immediately file its 2019 and 2020 Annual Reports and timely file the Annual Report every year to the Governor.

Board agreed with auditors

Board management agreed with the recommendation and stated the Board is completing an assessment and overhaul of the format and process for its annual reports in order to make certain improvements, but these efforts have been delayed due to limited staff resources and competing priorities, including the implementation of the June 2019 gaming expansion law and addressing matters related to COVID-19.

OTHER FINDINGS

The remaining findings pertain to noncompliance with the Illinois Gambling Act, lack of a formalized change management standard, and lack of disaster recovery planning 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, 2020, 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

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