

**STATE OF ILLINOIS  
ILLINOIS RACING BOARD  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2024**

**Performed as Special Assistant Auditors  
For the Auditor General, State of Illinois**



**STATE OF ILLINOIS  
ILLINOIS RACING BOARD  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2024**

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**STATE OF ILLINOIS  
ILLINOIS RACING BOARD  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2024**

**BOARD OFFICIALS**

Executive Director	Mr. Domenic DiCera
Chief Fiscal Officer	Mr. Vitto Ezeji-Okoye
General Counsel	Ms. Lindsay Evans

**BOARD OFFICER**

Chair of the Board	Mr. Dan Beiser
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**GOVERNING BOARD MEMBERS**

Commissioner (07/01/22 – Present)	Mr. Benjamin Reyes
Commissioner (08/19/22 – Present)	Mr. Leslie H. Breuer Jr.
Commissioner (07/02/22 – 08/18/22)	Vacant
Commissioner (07/01/22 – 07/01/22)	Mr. Leslie H. Breuer Jr.
Commissioner (01/01/25 – Present)	Vacant
Commissioner (07/01/22 – 12/31/24)	Dr. Lydia Gray, DVM
Commissioner (10/21/22 – Present)	Ms. Patricia Saccone
Commissioner (07/01/22 – 10/20/22)	Vacant
Commissioner (02/17/23 – Present)	Ms. Alyssa Murphy
Commissioner (07/01/22 – 02/16/23)	Vacant
Commissioner (04/17/23 – Present)	Mr. Heriberto Arroyo
Commissioner (08/31/22 – 04/16/23)	Vacant
Commissioner (07/01/22 – 08/30/22)	Mr. Charles MacKelvie
Commissioner (08/14/23 – Present)	Mr. Michael Schmidt
Commissioner (03/01/22 – 08/13/23)	Vacant
Commissioner (07/01/22 – 02/28/23)	Ms. Leslye Sandberg
Commissioner (10/20/23 – Present)	Mr. Marc Laino
Commissioner (07/01/22 – 10/19/23)	Vacant
Commissioner (11/17/23 – Present)	Vacant
Commissioner (07/01/22 – 11/16/23)	Ms. Beth Doria
Commissioner (07/01/22 – Present)	Vacant

**STATE OF ILLINOIS  
ILLINOIS RACING BOARD  
STATE COMPLIANCE EXAMINATION  
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**BOARD OFFICE**

The Illinois Racing Board's primary administrative office is located at:

555 West Monroe Street  
Suite 1700 S  
Chicago, Illinois 60661



## ILLINOIS RACING BOARD

### MANAGEMENT ASSERTION LETTER

April 2, 2025

West & Company, LLC  
Certified Public Accountants  
919 E. Harris Avenue  
Greenville, IL 62246

Ladies & Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Racing Board (Board). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Board's compliance with the following specified requirements during the two-year period ended June 30, 2024. Based on this evaluation, we assert that during the years ended June 30, 2023, and June 30, 2024, the Board has materially complied with the specified requirements listed below.

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Other than what has been previously disclosed and reported in the Schedule of Findings, the Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours truly,

State of Illinois, Illinois Racing Board

**SIGNED ORIGINAL ON FILE**

Mr. Domenic DiCera, Executive Director

**SIGNED ORIGINAL ON FILE**

Mr. Vitto Ezeji-Okoye, Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

Ms. Lindsay Evans, General Counsel

**STATE OF ILLINOIS  
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**STATE COMPLIANCE REPORT**

**SUMMARY**

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide.

**ACCOUNTANT'S REPORT**

The Independent Accountant's Report on State Compliance and on Internal Control over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies a material weakness over internal control over compliance.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	7	14
Repeated Findings	6	5
Prior Recommendations Implemented or Not Repeated	8	4

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2024-001	10	New	Receipt Processing Internal Controls Not Operating Effectively	Material Weakness and Material Noncompliance
2024-002	12	2022/2022	Failure to Implement Controls Over Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2024-003	14	2022/2022	Inadequate Controls Over Personal Services	Significant Deficiency and Noncompliance
2024-004	17	2022/2022	Failure to Implement Control Over Service Providers	Significant Deficiency and Noncompliance
2024-005	19	2022/2020	Noncompliance with Annual Reporting Requirements	Significant Deficiency and Noncompliance
2024-006	20	2022/2020	Required Board Composition Not Met	Noncompliance

**STATE OF ILLINOIS  
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**SCHEDULE OF FINDINGS  
(CONTINUED)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2024-007	21	2022/2022	Inadequate Controls Over State Vehicles	Significant Deficiency and Noncompliance

**Prior Findings Not Repeated**

A	22	2022/2022	Voucher Processing Internal Control Not Operating Effectively
B	22	2022/2022	Failed to Implement User Access Controls
C	22	2022/2022	Inadequate Controls over Data Migration to a New Licensing System
D	22	2022/2020	Lack of Change Control Policy and Inadequate Segregation of Duties
E	22	2022/2014	Noncompliance with Racing Laws and Regulations
F	22	2022/2020	Inadequate Controls over Employment Application forms
G	23	2022/2022	Inadequate Controls over Reporting
H	23	2022/2022	Disaster Recovery Weakness

**STATE OF ILLINOIS  
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**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on April 1, 2025.

Attending were:

Illinois Racing Board

Mr. Domenic DiCera, Executive Director  
Mr. Vitto Ezeji-Okoye, Chief Fiscal Officer  
Ms. Lindsay Evans, General Counsel  
Ms. Jackie Clisham, Director of Operations

Office of the Auditor General

Ms. Stacie Sherman, Audit Manager

West & Company, LLC – Special Assistant Auditors

Mr. Michael Lawler, Partner  
Mr. Brandon Craycroft, Manager  
Mr. Tyler Hutchinson, Senior

The responses to the recommendations were provided by Vitto Ezeji-Okoye, Chief Fiscal Officer, in a correspondence dated April 2, 2025.





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Greenville, Illinois 62246

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**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Illinois Racing Board (Board) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2024. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

Our examination disclosed material noncompliance with the specified requirements during the two years ended June 30, 2024. As described in the accompanying Schedule of Findings as item 2024-001, 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.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Board complied with the specified requirements during the two years ended June 30, 2024, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the Audit Guide and are described in the accompanying Schedule of Findings as items 2024-002 through 2024-007.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

### **Report on Internal Control over Compliance**

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-001 to be a material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with

governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-002 through 2024-005 and 2024-007 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Greenville, Illinois  
April 2, 2025

**STATE OF ILLINOIS**  
**ILLINOIS RACING BOARD**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2024**

2024-001      **FINDING**      (Receipt Processing Internal Controls Not Operating Effectively)

The Illinois Racing Board's (Board) internal controls over its receipt 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, we were able to limit our receipt testing at the Board to determine whether certain key attributes (attributes) were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board's internal controls related to receipt processing, we selected a sample of attributes to determine if the attributes were properly entered into ERP based on supporting documentation. The attributes tested were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) SAMS Source Code.

Our testing noted 28 of 140 (20%) attributes were not properly entered into ERP. Therefore, the Board's internal controls over receipt processing were not operating effectively.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Board to maintain a detailed record of all moneys received, which is to include date of receipt, the payor, purpose and amount, and the date and manner of disbursement. Additionally, Statewide Accounting Management System (Manual) (Procedure 25.10.10) requires the Board to segregate the moneys into funds and document the source of the moneys. Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance revenues, expenditures, and transfers of assets, resources, or funds applicable to the operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

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 give the limitations noted above, we conducted an analysis of the Board's receipts data for fiscal years 2023 and 2024 to determine compliance with the Act. We noted the Board's receipts data did not document the date on which the payment was received for 36 of 9,719 (0.4%) receipts. As such, we were unable to determine if the Board deposited the receipts timely.

The Act (30 ILCS 230/2(a)) requires the Board to maintain a detailed record of all moneys received, which is to include date of receipt, the payor, purpose and amount, and the date and manner of disbursement.

Board management indicated the incorrect entry within ERP was due to Board oversight and insufficient training. Board management was unaware of the specific requirements for entering certain fields within ERP.

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2024-001      **FINDING**      (Receipt Processing Internal Controls Not Operating Effectively)  
(Continued)

Failure to properly enter the attributes into ERP when processing a receipt hinders the reliability and usefulness of data extracted from ERP, which can result in improper recording of revenues and accounts receivable. (Finding Code No. 2024-001)

**RECOMMENDATION**

We recommend the Board design and maintain internal controls to provide assurance its data entry of attributes into ERP is complete and accurate.

**BOARD RESPONSE**

The Board accepts.

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2024-002      **FINDING**      (Failure to Implement Controls Over Cybersecurity Programs and Practices)

The Illinois Racing Board (Board) failed to implement internal controls related to cybersecurity programs, practices and control of confidential information.

The Board is mandated to regulate horse racing and to ensure the honesty and integrity of Illinois racing and wagering. In order to carry out their mission, the Board utilizes several Information Technology applications which contain confidential and personal information.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs, practices and control of confidential information. During our examination of the Board's cybersecurity programs, practices, and control of confidential information, we noted the Board had not:

- Ensured all cybersecurity policies and procedures were reviewed and updated on a routine basis.
- Defined cybersecurity roles and responsibilities.
- Classified its data to identify and ensure adequate protection of information based on classification.
- Conducted a comprehensive risk assessment or implemented risk-reducing controls.
- Obtained results of vulnerability scans to ensure timely corrective actions were taken to remediate identified vulnerabilities.

The *Framework for Improving Critical Infrastructure Cybersecurity* published by the National Institute of Standards and Technology requires entities to consider risk management practices, threat environment, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and to maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and to maintain accountability over the State's resources.

Board management indicated not all cybersecurity policies and procedures were reviewed and updated on a routine basis due to oversight. Board management believed cybersecurity roles and responsibilities were established but not formally documented. In addition, the Board believed efforts were made to classify data and assess risk, however adequate documentation was not maintained. Finally, Board management indicated they were unaware that results of vulnerability scans performed by service providers were available for their review.

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2024-002      **FINDING**      (Failure to Implement Controls Over Cybersecurity Programs and Practices) (Continued)

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Board’s confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2024-002, 2022-013)

**RECOMMENDATION**

We recommend the Board:

- Ensure all cybersecurity policies and procedures are routinely reviewed for updates or revisions.
- Define cybersecurity roles and responsibilities.
- Classify its data in accordance with its data classification methodology.
- Conduct a comprehensive risk assessment and implement risk-reducing controls.
- Obtain results of vulnerability scans to ensure timely corrective actions are taken to remediate identified vulnerabilities.

**BOARD RESPONSE**

The Board accepts.

**STATE OF ILLINOIS**  
**ILLINOIS RACING BOARD**  
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2024-003      **FINDING**      (Inadequate Controls Over Personal Services)

The Illinois Racing Board (Board) did not maintain adequate controls over performance evaluations, timekeeping, and training.

- We tested twelve performance evaluations for nine employees, noting:
  - Five (42%) performance evaluations were not completed timely by the Board. The employee evaluations were completed between 43 and 170 days late.
  - Two (17%) performance evaluations were not completed.

The Board's Policy Manual Section 3.8 Employee Evaluation requires evaluations to take place every 12 months, unless otherwise specified under the Personnel Rules. Further, prudent business practices require employee performance evaluations to be performed timely to communicate to employees the strengths and deficiencies in meeting their job responsibilities.

Board management stated the late and non-completed performance evaluations were due to management oversight.

Employee performance evaluations are a systematic and uniform approach for the development of employees and communication of performance expectations to employees. Employee performance evaluations serve as a foundation and documentation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance, and areas for improvement and current year's performance goals and objectives may not be identified and communicated in a timely manner.

- We tested training records for nine employees noting:
  - Two (22%) employees failed to complete the required sexual harassment prevention training within 30 days of commencing employment. One employee completed the training 12 days late and the other failed to complete the training.
  - One (11%) employee failed to complete the required initial ethics training within 30 days of commencing employment.
  - Two (22%) employees failed to complete the annual ethics and sexual harassment training for one calendar year during the examination period.
  - Two (22%) employees failed to complete the Department of Innovation and Technology (DoIT) annual cybersecurity training for one calendar year during the examination period.



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2024-003      **FINDING**      (Inadequate Controls Over Personal Services) (Continued)

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-10) requires each officer, member, and employee to complete, at least annually, an ethics training program. In addition, the Act requires an initial ethics training be completed within 30 days after commencement of employment. Further, the Act (5 ILCS 430/5-10.5) requires each employee to complete at least annually, and within 30 days after commencement of employment, a sexual harassment training program. The Data Security on State Computers Act (20 ILCS 450/25) requires every employee to annually undergo training by DoIT concerning cybersecurity.

Board management indicated the late and non-completed trainings were due to oversight.

Failure to complete the required training to employees is noncompliance with the Act and the Data Security on State Computers Act.

- We tested sixteen monthly timekeeping reports for eight per diem employees' Monthly Timekeeping Reports, noting:
  - One (6%) timekeeping report was not timely provided to the employee for review. The report was provided 30 days late.
  - Two (13%) timekeeping reports were reviewed by the employees between eight and 11 days late.
  - Six (38%) timekeeping reports were not signed by the employees' supervisor.
  - Three (19%) timekeeping reports were not reviewed by the employees' supervisor within 14 days of submission. The timesheets were reviewed between one and 13 days late.

The Board's Policy Manual (Manual) 3.2.1 Monthly Timekeeping Report requires the monthly Time and Attendance report be provided to active employees no later than the 30th day of the following month. In addition, the Manual requires employees to review and return the monthly Time and Attendance report to the Timekeeper within 14 days of receipt. The Manual also requires the Monthly Time and Attendance report be certified by the timekeeper and approved by the supervisor within 14 days of receipt from the employee.

Board management indicated the exceptions were due to management and employee oversight.

Failure to ensure timekeeping reports are timely approved could result in unnecessary personal services expenditures. (Finding Code No. 2024-003, 2022-008)

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2024-003      **FINDING**      (Inadequate Controls Over Personal Services) (Continued)

**RECOMMENDATION**

We recommend the Board strengthen its internal controls to enforce its policies concerning timely completion of employee performance evaluations and mandatory trainings, and monitoring and review of employee's time reporting to ensure time reports are reviewed and approved timely.

**BOARD RESPONSE**

The Board partially accepts.

**STATE OF ILLINOIS  
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2024-004      **FINDING**      (Failure to Implement Control Over Service Providers)

The Illinois Racing Board (Board) failed to implement adequate internal controls over its service providers.

We requested the Board provide the population of service providers utilized to determine if they had reviewed the internal controls over their service providers. In response to our request, the Board identified two service providers providing the following services:

- Licensing system and support
- Use of IT systems and services

During our testing, we noted the Board did not obtain a System and Organization Control (SOC) reports or conduct an independent internal control review for one (50%) service provider utilized.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and to maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and to maintain accountability over the State's resources.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, System and Service Acquisition section, requires entities outsourcing their information technology environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

Board management indicated they believed complementary user controls were in place; however, an analysis of such was not formally documented.

Failure to implement adequate controls over service providers could result in inadequate controls at the service providers and unknown risks to the Board's applications and data. (Finding Code No. 2024-004, 2022-012)

**RECOMMENDATION**

We recommend the Board obtain a SOC report or perform and document independent reviews of internal controls of service providers at least annually.

In addition, upon receipt of a SOC report, the Office should:

- Monitor and document the operation of the Complementary User Entity Controls relevant to operations.

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2024-004      **FINDING**      (Failure to Implement Control Over Service Providers) (Continued)

- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself the usage of the subservice organizations would not impact the internal control environment.
- Document its review of the SOC reports and review all significant issues to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Board, and any compensating controls.

**BOARD RESPONSE**

The Board partially accepts.

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2024-005      **FINDING**      (Noncompliance with Annual Reporting Requirements)

The annual reports prepared by the Illinois Racing Board (Board) did not fully comply with the requirements of the Illinois Racing Act of 1975 (Act).

During our testing of the calendar years 2022 and 2023 Annual Reports prepared by the Board, we noted both (100%) Annual Reports tested did not include a summary of the number of contracts awarded by each organization licensee or inter-track wagering licensee and an analysis of the number of MBE, WBE, DBE that are certified under the program as well as the number of those businesses that received State procurement contracts.

The Act (230 ILCS 5/12.2(f)) requires the Board to file, no later than March 1 of each year, an annual report which details the level of achievement toward the goals over the 3 most recent fiscal years to include the following:

- a summary detailing expenditures subject to the goals, the actual goals specified, and the goals attained by each organization licensee or inter-track wagering licensee;
- a summary of the number of contracts awarded and the average contract amount by each organization licensee or inter-track wagering licensee;
- an analysis of the level of overall goal achievement concerning purchases from MBE, WBE, and businesses owned by persons with disabilities; and
- an analysis of the number of MBE, WBE, and DBE that are certified under the program as well as the number of those businesses that received State procurement contracts.

Board management indicated the deficiencies in reporting was due to continued oversight by the Board of including the information which was obtained from organizational licensees.

Failure to provide the required details in the annual report prevents the appropriate oversight authorities from receiving relevant information that can have an effect on future decisions and represents noncompliance with the Act. (Finding Code No. 2024-005, 2022-006, 2020-003)

**RECOMMENDATION**

We recommend the Board ensure it includes all information required by the Act in its annual reports.

**BOARD RESPONSE**

The Board accepts.

**STATE OF ILLINOIS  
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SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
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2024-006      **FINDING**      (Required Board Composition Not Met)

The Illinois Racing Board (Board) did not have the required number of Board members as mandated by the Illinois Horse Racing Act of 1975 (Act).

During testing, we noted the Board was not composed of the required number of Board members during the examination period. There were eight Board members as of June 30, 2023 (with 3 vacancies) and nine Board members as of June 30, 2024 (with 2 vacancies).

The Act (230 ILCS 5/4) states the Board shall consist of 11 members to be appointed by the Governor with the advice and consent of the Senate, not more than 6 of whom shall be of the same political party, and one of whom shall be designated by the Governor to be chairman.

Board management indicated the Office of the Governor is responsible for all appointments to the Board and may have difficulty finding interested candidates with qualifications as outlined in the Act.

Failure to have the required number of Board members may affect the full and transparent exercise of the Board's appointed powers and responsibilities and represents noncompliance with the Act. (Finding Code No. 2024-006, 2022-009, 2020-008)

**RECOMMENDATION**

We recommend the Board continue to coordinate with the Office of the Governor regarding Board member vacancies to ensure compliance with the required Board composition of the Act.

**BOARD RESPONSE**

The Board accepts.

**STATE OF ILLINOIS  
ILLINOIS RACING BOARD  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2024**

2024-007      **FINDING**      (Inadequate Controls Over State Vehicles)

The Illinois Racing Board (Board) did not exercise adequate controls over State vehicles.

Three of three (100%) vehicles tested did not have routine oil changes performed within the mileage intervals required by the Board's Vehicle Use Policy (Policy). We noted oil changes occurred from 199 to 3,694 miles in excess of the required oil change interval.

The Board's Policy requires regular maintenance for State vehicles to reduce operating costs and extend the life of the vehicle. The Policy requires lube, oil, and filter changes to be performed every 3,000 miles or 12 months (on vehicles 10 years and older) or every 5,000 miles or 12 months (for vehicles 9 years and newer), whichever comes first.

Board management stated the location of State garages hindered the ability to take the vehicles in for service when required.

Failure to ensure regular maintenance is performed on State vehicles could result in more significant expenditures related to the repair or replacement of the vehicles. (Finding Code No. 2024-007, 2022-011)

**RECOMMENDATION**

We recommend the Board strengthen its controls over maintenance of its State vehicles to ensure compliance with its Policy.

**BOARD RESPONSE**

The Board accepts but considers it immaterial.

**STATE OF ILLINOIS**  
**ILLINOIS RACING BOARD**  
**SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED**  
**For the Two Years Ended June 30, 2024**

A. **FINDING** (Voucher Processing Internal Controls Not Operating Effectively)

During the prior examination, the Board's internal controls over its voucher processing function were not operating effectively during the examination period.

During the current examination, our testing noted the Board improved controls over its voucher processing function. (Finding Code No. 2022-001)

B. **FINDING** (Failed to Implement User Access Controls)

During the prior examination, the Board failed to implement controls over users' access to the Board's applications and data.

During the current examination, our testing noted the Board did implemented user access controls appropriately during the examination period. (Finding Code No. 2022-002)

C. **FINDING** (Inadequate Controls over Data Migration to a New Licensing System)

During the prior examination, the Board did not have adequate controls over the data migration to a new licensing system.

During the current examination, our testing noted the Board had adequately reviewed all controls over data migration during the examination period. (Finding Code No. 2022-003)

D. **FINDING** (Lack of Change Control Policy and Inadequate Segregation of Duties)

The Illinois Racing Board (Board) did not have a change management policy (Policy) and did not maintain proper segregation of duties over program changes.

During the current examination, our testing noted the Board had properly implemented a Policy during the examination period. (Finding Code No. 2022-004, 2020-009)

E. **FINDING** (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, our testing noted the Board had properly complied and enforced the provisions of both the Act and the Code during the examination period. (Finding Code No. 2022-005, 2020-002, 2018-001, 2016-008, 2014-009)

F. **FINDING** (Inadequate Controls over Employment Application Forms)

The Illinois Racing Board (Board) did not have adequate controls over its employment application forms for pari-mutuel clerks, parking attendants, and security guards as required by the Illinois Horse Racing Act (Act).



**STATE OF ILLINOIS  
ILLINOIS RACING BOARD  
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED  
For the Two Years Ended June 30, 2024**

During the current examination, our testing noted the Board ensured all employment application forms for pari-mutuel clerks, parking attendants, and security guards were properly completed as required by the Act. (Finding Code No. 2022-007, 2020-004)

**G. FINDING (Inadequate Controls over Reporting)**

The Illinois Racing Board (Board) did not file statutorily required reports or did not file timely.

During the current examination, our testing noted the Board ensured all statutorily required reports were both filed and filed timely. (Finding Code No. 2022-010)

**H. FINDING (Disaster Recovery Weakness)**

The Racing Board (Board) had not developed a disaster recovery plan in order to recover their applications and data.

During the current examination, our testing noted the Board developed a disaster recovery plan. (Finding Code No. 2022-014)