

# LEGISLATIVE AUDIT COMMISSION



Review of  
Illinois Gaming Board  
Year Ended June 30, 2014

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Springfield, Illinois 62706  
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**REVIEW: 4459  
ILLINOIS GAMING BOARD  
YEAR ENDED JUNE 30, 2014**

**FINDINGS/RECOMMENDATIONS - 15**

**IMPLEMENTED - 12  
ACCEPTED - 3**

**REPEATED RECOMMENDATIONS - 7**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 12**

This review summarizes the auditors' reports on the Illinois Gaming Board for the two years ended June 30, 2014, filed with the Legislative Audit Commission on May 28, 2015. The auditors performed a compliance examination in accordance with *Government Auditing Standards* and State statute. The auditors also conducted a financial audit of the State Gaming Fund for the year ended June 30, 2014 and stated the financial statements of the Gaming Fund were fairly stated. The Gaming Board was established by Executive Order (2009) and by statute (230 ILCS 10/5). All associated powers, duties, rights and responsibility of the Illinois Gaming Board that were provided by the Department of Revenue were transferred to the Gaming Board as a separate agency.

The mission of the Gaming Board is to administer and regulate riverboat casino gambling and video gaming in Illinois through strict regulatory oversight as mandated by statute and applicable administrative rules. The Gaming Board consists of five members appointed by the Governor and confirmed by the Senate. The Board administers a regulatory and tax collection system for casino gambling and also has comprehensive law enforcement responsibilities.

Mr. Mark Ostrowski is the Board Administrator, serving in that position since November 2005. Previously he served the Gaming Board as general counsel from November 2001 until November 2005. The average number of Board employees by division at June 30, 2014 was as follows:

<b>Division</b>	<b>FY14</b>	<b>FY13</b>	<b>FY12</b>
Officials/Managers	44	42	38
Professionals	101	94	81
Para-Professionals	12	9	8
Office/Clerical	2	3	3
<b>TOTAL</b>	<b>159</b>	<b>148</b>	<b>130</b>

The Board also pays the related salaries and expenses for approximately 116 Illinois State Police through an interagency agreement.

### **Expenditures From Appropriations**

The General Assembly appropriated \$175,423,000, all from the State Gaming Fund, to the Board in FY14 compared to \$168,023,200 in FY13. Appendix A summarizes the appropriations and expenditures by object for the period under review. Total expenditures for the Board were \$145.3 million in FY14 compared to \$146.3 million in FY13. Distributions to local governments decreased \$6.3 million, or 6.5%, from FY13 to FY14. The \$3 million expenditure shown in FY14 for the Riverboat Gambling Act was due to a one-time payment to Chicago State University per public act.

### **Cash Receipts**

Appendix B summarizes the cash receipts of the Board for FY12-14. Total cash receipts were \$674.1 million in FY14 compared to \$604.2 million in FY13. The increase is due primarily to an increase in the number of licensed locations and terminals during FY14 resulting in increased collections of Video Gaming Net Terminal Income Tax.

### **Property and Equipment**

According to the Agency Report of State Property submitted to the Office of the State Comptroller, the Gaming Board has about \$2.2 million in equipment.

### **Service Efforts and Accomplishments**

In FY14, the number of operating riverboats in Illinois was ten. Total 12-month attendance at riverboat casinos during calendar 2013 was about 14.9 million compared to 16.1 million in 2012 and 14.8 million in 2011. Total gaming tax distributions to local governments was \$92.5 million and \$444.2 million to the State during calendar year 2013. In FY14, there were 34,389 licenses issued for video gaming and \$14.3 million was received in licensing revenue and \$516.6 million was received in admissions and wagering tax.

### **Accountants' Findings and Recommendations**

Condensed below are the 15 findings and recommendations included in the audit report. Seven findings were repeated from the previous audit. The following recommendations are classified on the basis of updated information provided by Kevin High, Chief Fiscal Officer, via email on July 26, 2016.

### Accepted or Implemented

- 1. Develop and implement adequate policies and procedures governing the billing of Video Gaming Terminal (VGT) Licenses. Include in these policies and procedures a process to ensure proper revenue recognition relating to VGT Licenses is completed when preparing the Fund's year-end reporting package and financial statements.**

**Finding:** The Board did not develop adequate internal controls over the billing of Video Gaming Terminal (VGT) Licenses. As a result, the Board did not have a sufficient process in place to ensure proper revenue recognition relating to VGT Licenses when preparing the State Gaming Fund's (Fund) year-end reporting package submitted to the Office of the State Comptroller (Comptroller) and the Fund's draft financial statements.

During testing, auditors noted the following weaknesses:

- The Board did not develop adequate internal policies and procedures to ensure the timely billing of VGT Licenses during the audit period.
- The Board did not have an adequate mechanism in place from October 2012 to May 2013 to ensure the timely billing of VGT License "initial" fees. Auditors noted that while "initial" bills were sent out during the months from October 2012 to May 2013, there were instances in which bills were sent out up to four months after the timeframe they should have been. In May 2013, the Board implemented the Request to Transport (RTT) System which improved the timeliness in billing for "initial" fees. According to Board personnel, the RTT System is an extension of the Video Gaming Device Inventory (VGDI) System that was developed to track the large number of device movements within Illinois and to assist with the inventory of each device at all the Distributor, Terminal Operator and Licensed locations throughout Illinois. Prior to the RTT System, the data in VGDI was manually entered from paper documentation and prone to error. Therefore, it was decided by Board management to delay the billing of the VGT Licenses until it could verify the accuracy of the information entered into VGDI.
- The Board delayed billing for May 2013 "initial" fees until September 2013.
- The Board delayed billing for May 2014 "initial" fees until July 2014.
- The Board did not accrue for "initial" fees in June 2013 or June 2014 until July 2013 and July 2014, respectively. Therefore, the "initial" fees that were earned at the end of each fiscal year did not get recorded on the Fund's financial statements.
- As a result of the delayed billings and certain improper recording of "initial" fees mentioned above, the Board did not accurately record \$238,000 and \$191,000 in License and Fees revenue in the Fund's FY13 and FY14 financial statements, respectively. The Board did not correct the Fund's financial statements for the respective amounts as they were deemed immaterial to the financial statements taken as a whole. The lack of correction by the Board did not result in a modification to the auditors' opinion on the Fund financial statements.

**Accepted or Implemented - continued**

Board management stated they attribute these errors to the decision to delay VGT billing until a process could be thoroughly tested and implemented to ensure accurate and timely billing of VGT fees.

**Updated Response:** Implemented. Procedures have been changed to ensure VGT billings are accurately recorded in the correct fiscal year.

**2. Implement internal controls to timely prepare and accurately calculate transfers of excess cash resources from the State Gaming Fund (SGF) to the Education Assistance Fund (EAF). (Repeated-2012)**

**Finding:** The Board did not exercise adequate internal control over the calculation of its transfers to the Education Assistance Fund (EAF) from the State Gaming Fund (SGF).

During testing, auditors noted the following:

- For 10 of 12 monthly transfers made, the Board inaccurately double counted the \$5,530,000 liability to the School Infrastructure Fund in accordance with the Board's EAF Transfer Methodology.
- For one of 12 monthly transfers made, the Board incorrectly included a receipt of \$10,000,000 that was deposited in the General Revenue Fund as part of its transfer calculation from the SGF.
- The Board has not updated its Administrative Directive to agree with changes brought forth by P.A. 098-0018. Specifically, Section 3000.1071(q) has not been updated to include obligations to the Chicago State University Education Improvement Fund or the School Infrastructure Fund as required by the Riverboat Gambling Act (230 ILCS 10/13 (c-25) and (c-35)).

Board management stated these errors were primarily due to a misunderstanding by staff and a deficiency in the established procedures. Staff has been retrained on the transfer process and procedures have been updated accordingly.

**Updated Response:** Implemented. To minimize errors, transfers are done monthly, as opposed to semi-monthly and are reviewed by staff and senior management prior to the transfer being initiated.

**3. Obtain or perform independent reviews of internal controls associated with outsourced systems or operations at least annually.**

**Finding:** The Board did not obtain or perform internal control reviews of external service providers used to process video gaming revenue and casino staff finger prints.

## **REVIEW: 4459**

The Board utilizes an external service provider to design, develop, implement, operate, maintain and support the secure communication of approximately 60,000 video gaming terminals across the State. However, the Board had not obtained a Service Organization Internal Control Report or conducted an internal control review over the secure communication. The Board received approximately \$29,347,064 and \$137,335,925 in FY13 and FY14, respectively in video gaming revenue.

In addition, the Board utilizes a vendor to obtain and transmit potential casino employees' and Board employees' annual background checks, via finger print match with various State and Federal databases. However, the Board had not obtained a Service Organization Internal Control Report or conducted an internal control review of this vendor.

Board management stated that they have ordered a Service Organization Internal Control Report from the vendor, but has not received it as of yet.

**Response:** Accepted. The Board has obtained an internal control review from the vendor related to video gaming revenues. The Board did not seek a review from the vendor related to finger prints, as the Board was in the process of contracting with a new vendor.

**Updated Response:** Implemented.

#### **4. Seek legislative remedy to address ambiguous/conflicting language in the Riverboat Gambling Act.**

**Finding:** The Board was unable to resolve conflicting provisions of the Riverboat Gambling Act which resulted from the passage of Public Act 098-0018.

During FY13, the Illinois General Assembly passed and the Governor signed Public Act 098-0018, which instructed the Board to pay out amounts which the Board had previously accrued. The amended language of the Act due to Public Act 098-0018, specifically sections (230 ILCS 10/13(c-5)) and (230 ILCS 10/13(c-30)), leaves ambiguity as to the future actions the Board should take with regards to the Horse Racing Equity Fund.

Public Act 098-0018 did not remove or otherwise amend section c-5 of the Act which requires an amount equal to 15% of the adjusted gross receipts of an owners licensee conducting riverboat gambling operations pursuant to an owners license that is initially issued after June 25, 1999 to be paid from the State Gaming Fund into the Horse Racing Equity Fund. The Rivers Casino in Des Plaines is such a licensee, and section c-5 of the Act appears to require the continued accrual of the 15% of adjusted gross receipts from the Rivers Casino for payment into the Horse Racing Equity Fund.

Public Act 098-0018 did, however, require the Board to transfer \$23,000,000 from the State Gaming Fund to the Horse Racing Equity Fund.

## REVIEW: 4459

### Accepted or Implemented - continued

The Board, through 1) discussion with Senate Democratic Staff regarding the intent of Public Act 098-0018, 2) direction from the Governor's Office of Management and Budget, and 3) review of memorandum of understanding signed by the key stakeholders from the Illinois horse racing industry, determined that the payments made pursuant to section c-30 of the Act replaced all prior and future obligations to the Horse Racing Equity Fund established by section c-5.

As a result of the ambiguous language, the Board has not paid obligations accrued after the passing of Public Act 098-0018 totaling \$63,223,679 as of June 30, 2014 to the Horse Racing Equity Fund.

After reviewing the Act, Public Act 098-0018, the memorandum of understanding, and legislative transcripts related to SB1884, which passed into law as Public Act 098-0018, the auditors determined, with reservations, that the position taken by the Board was reasonable, but not without problems given potentially conflicting language of section c-5 of the Act and its requirements.

Board management stated they have attempted to get clarification on the ambiguous language resolved but have not been successful.

**Updated Response:** Accepted. Senate Bill 2357 (Sen. Sandoval et al./Rep. Ed Sullivan et al.), as introduced, eliminated a conflicting provision in Section 13 of the Riverboat Gambling Act [230 ILCS 10/13] relating to distributions of revenues in the State Gaming Fund. The conflicting provision states that 15% of the Adjusted Gross Receipts (AGR) from the Des Plaines Rivers Casino shall be distributed to the Horse Racing Equity Fund. This provision conflicts with Public Act 98-0018, effective June 7, 2013, which provides for a different distribution of AGR from Rivers. SB 2357 was an IGB proposal supported by the Governor. The bill passed both Houses but the original contents were removed by House Amendment. The IGB plans to make the contents of the original bill part of its 2017 legislative agenda.

**5. Implement a structured change management standard to ensure adequate oversight to modifications to existing systems. The standard should include at a minimum:**

- Procedures for formally requesting changes,
- Management approval,
- Testing requirements,
- Documentation requirements, and
- Implementation reviews.

**Also, restrict programmer access to all production programs and data. If the Board determines the access may be necessary, establish and enforce compensating controls to ensure appropriate management oversight. (Repeated-2012)**

## REVIEW: 4459

**Finding:** The Board had not developed an effective change management process to control modifications to computer applications to ensure changes are properly approved, tested and documented.

In addition, programmers developing and making changes to applications had access to the production environment and the capability to implement changes.

The Board maintains twenty applications in order to meet their mission of administering and regulating riverboat casino gambling and video gaming in the State.

During review, auditors noted the Board had not developed a formal change management process to control modifications to their systems. In the event a change was required, the IT Project Request Form was completed by the requestor and sent to the programmer for completion.

Board management stated that this is their current practice. It is simply not documented as a formal policy.

**Updated Response:** Implemented. The Board established a Change Management Policy to include at a minimum the items disclosed in the compliance audit.

- 6. Establish controls over property reporting and implement procedures to ensure:**
- **Equipment is entered timely and accurately on the property listing; and**
  - **Quarterly reports are reconciled to property listings, reviewed for accuracy and adequate documentation is maintained. (Repeated-2010)**

**Finding:** The Board did not maintain sufficient controls over the recording and reporting of its property. During testing, the auditors noted the following:

- Four of 80 equipment items selected for testing, totaling \$1,605, were shown on the property listing as being located in a different geographical location than they were physically located.
- Eight of 80 equipment items selected for testing, totaling \$4,665, were not correctly recorded on the Board's property listing to reflect the current assigned/unassigned status.
- The Board did not timely record equipment additions and deletions on its property listing. Specifically, the auditors noted 20 equipment items, totaling \$33,990, were recorded between four to 984 days late.
- A gun was included on the Board's property listing for more than two and a half years after it was transferred to another agency. It was also noted by the auditors that the gun was never included as a missing item on the Board's Certifications of Inventory and discrepancy reports that were filed annually with the Department of Central Management Services during the examination period.
- Deficiencies were noted during testing of the Agency Report of State Property's (C-15) accuracy, which is filed with the Office of the State Comptroller.

**Accepted or Implemented - continued**

During the prior examination, the Board stated it would enter equipment timely and accurately, review quarterly reports for accuracy, and ensure property listing include all required information. During the current examination, Board management stated these errors were primarily attributable to human error.

**Updated Response:** Implemented. The Board revised its procedures to ensure equipment is entered timely and accurately in the Property Control System (PCS) in compliance with the Illinois Administrative Code (44 ILL.Adm Code 5010.400).

**7. Adopt rules concerning undue economic concentration in order to comply with the Video Gaming Act.**

**Finding:** The Board did not adopt rules concerning undue economic concentration which should be taken into consideration when approving or denying the operation of video gaming terminals by a terminal operator in a given location.

The Board is required by the Video Gaming Act (Act) (230 ILCS 40/25(i)) to adopt rules concerning undue economic concentration with respect to the operation of video gaming terminals. As a result, the Board could not fully consider the impact of undue economic concentration of such operations of video gaming terminals during the examination period.

Board management stated the Act does not define “undue economic concentration.” This concern is specifically limited to the size of a Terminal Operator’s market share. It is a directive to prohibit any Terminal Operator from assuming an “undue” share of video gaming market. Although, because the Act has no limit to the number of licensees or operational video gaming terminals, the Board is unable to quantify at what point a market share would become “undue.”

**Updated Response:** Accepted. The IGB has published a proposed rulemaking on this subject which is now before JCAR [40 Ill. Reg. 5753; April 8, 2016]. The rulemaking will be considered by JCAR at its August 9, 2016 meeting, and if there is no objection from JCAR, the IGB will file it as an adopted rulemaking before the end of August.

**8. Conduct timely annual performance evaluations for all certified employees. Also, ensure all probationary evaluations are performed. (Repeated-2012)**

**Finding:** The Board did not conduct employees’ performance evaluations in accordance with the Illinois Administrative Code and the Board’s Employee Handbook.

During testing, auditors noted 12 of 40 personnel files tested did not contain performance evaluations that were completed in a timely manner. The evaluations were completed from four to 215 days after the employee’s anniversary date. In addition, auditors noted two of 40

## REVIEW: 4459

personnel files tested did not have an evaluation completed during the final month of their probationary period.

During the prior examination, the Board stated it would continue to be its goal to conduct timely performance evaluations for all certified employees. During the current examination, Board management stated evaluations were not performed due to competing priorities and heavy workloads.

**Updated Response:** Implemented. All IGB supervisors are reminded of upcoming subordinate performance evaluations via e-mail; the responsibility of untimely evaluations falls on the responsible supervisor and it is not due to inadequate controls. Further, the IGB plans on incorporating a supervisory goal of timely completions of performance evaluations into all supervisors' performance evaluations, so that it is documented and rated appropriately.

### **9. Adopt a formal timesheet policy requiring employees to maintain timesheets in compliance with the Act. (Repeated-2012)**

**Finding:** The Board did not comply with the State Officials and Employees Ethics Act (Act) and the Board's Employee Handbook regarding employee timekeeping requirements.

During testing, auditors noted the Board did not have a policy in place which required all employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour. The Board's timekeeping documentation consisted of sign-in/sign-out sheets, requested time off sheets, leave of absence documents, and other correspondence detailing deviations from scheduled working hours. Although employees were required to record time in when arriving at work and time out when leaving, there was no documentation of time spent on official State business.

Further, as mentioned above, the Board requires employees to sign in and out when they come into and leave work for the day. The auditors tested a sample of 40 employees for a period of three months during each of the fiscal years under examination. Auditors noted five of 40 employees selected for testing did not sign-in and/or sign-out during their regular scheduled shift and a leave request was not submitted for the time off.

During the prior examination, the Board stated they would incorporate its formal timesheet policy into its revised Employee Handbook. During the current examination, Board management stated they were currently working on revising the Employee Handbook to include a comprehensive timesheet policy, but the project has taken longer than originally anticipated.

**Updated Response:** Implemented. The IGB has implemented a formal timesheet policy in the revised Employee Handbook, issued 10/15/2015.

**Accepted or Implemented - continued**

**10. Implement controls to ensure employee overtime is adequately approved and documented and all amounts are paid properly.**

**Finding:** The Board did not comply with the policy for overtime as written in the Board's Employee Handbook. During testing, auditors noted the following:

- Nineteen of 21 employees selected for overtime testing did not have overtime approval by a supervisor prior to the overtime being worked.
- One of 21 employees selected for overtime testing did not have overtime approval forms signed by a supervisor for overtime hours worked.
- One of 21 employees selected for overtime testing was not paid for overtime hours worked.

Board management stated certain employees received approvals prior to working overtime, however it was verbal rather than in writing.

**Updated Response:** Implemented. The IGB has revised its OT policy in the Employee Handbook, effective 10/15/2015. Further, the IGB IT unit is in the process of revising our OT form, which will assist employees and timekeepers by ensuring accurate reporting of time.

**11. Collect and maintain complete information and annually publish accurate Agency Workforce Reports. Further, file corrected reports within 30 days of audit release to the Office of the Secretary of State and the Office of the Governor as required by the Illinois State Auditing Act.**

**Finding:** The Board did not include complete and accurate information on its FY12 and FY13 Agency Workforce Reports submitted to the Office of the Governor and the Office of the Secretary of State. During testing, the auditors noted the following:

- The Board reported amounts on its FY12 and FY13 Reports which did not agree to supporting documentation provided to the auditors.
- The Board inaccurately calculated amounts and percentages reported in its FY12 and FY13 report.
- The Board did not timely submit its FY12 report with the Office of the Secretary of State. The Report was filed 23 days late.

Board management stated the errors were minor in nature and attributable to human error.

**Updated Response:** Implemented. The IGB filed a corrected FY13 Agency Workforce Report on 7/21/15. The IGB will continue to file corrected reports if necessary.

- 12. Perform a comprehensive risk assessment to identify all forms of confidential or personal information and ensure adequate security controls, including adequate physical and logical access restrictions, have been established to safeguard data and resources. Ensure confidential information is adequately secured with methods such as encryption or redaction and develop a statement of purpose to ensure compliance with the requirements outlined in the Identity Protection Policy. (Repeated-2012)**

**Finding:** The security and control of confidential information at the Illinois Gaming Board contained weaknesses. As part of their responsibilities the Board obtained and stored (electronic and hardcopy) a significant amount of confidential information related to license applications.

Specifically, the Board received:

- Personal Information; social security numbers, driver's license numbers, passport data, arrest records, birth certificates, date of birth, addresses;
- Tax Information;
- Banking Information; and
- Background Information.

The hardcopy application and related hardcopy documentation was maintained in a file room. The file room was locked at night and on non-business days; however, it was unlocked during business days.

The Board had not performed a risk assessment of its computing resources to identify confidential or personal information to ensure such information is protected from unauthorized disclosure.

The Board had not installed encryption software on 57 of 82 laptops tested.

The Board had not developed a Statement of Purpose as required by the Identity Protection Act and the Board's Policy.

Board management stated a risk assessment has been initiated, but not yet finalized.

**Updated Response:** Implemented. The Board established a Data Classification & Protection Policy to include at a minimum the items disclosed in the compliance audit.

- 13. Update Disaster Recovery Plan to include key documentation for the recovery of the environment and applications. In addition, conduct testing to ensure the adequacy of the Plan.**

**Finding:** The Board had not provided adequate planning for the recovery of its applications and data. Additionally, recovery testing of the Board's applications and data had not been performed.

**REVIEW: 4459**

**Accepted or Implemented - concluded**

The Board administers and regulates riverboat casino gambling and video gaming operations in the State. The Board's IT group maintains a network of servers which host various applications containing critical, financially sensitive, and confidential information to perform mission-critical functions. The Board had determined twenty applications to be critical to their mission of collecting licensing fees, video terminal fees, video gaming revenue, daily admissions, adjusted gross receipt taxes and reporting of casinos. In FY13 and FY14, the Board processed over \$608,060,617 and \$670,372,797, respectively, in receipts.

The Disaster Recovery Plan addressed various high level areas of recovery; however, several key areas were not addressed. Specifically, the Disaster Recovery Plan did not include:

- Detailed recovery scripts,
- Testing and documentation requirements, and
- Recovery Time Objectives had not been established.

In addition, the Board had not performed testing of the recovery plan.

Board management stated due to staffing restraints and other pressing needs, improvements have been made to the disaster recovery plan, but it has not been finalized nor tested as of yet.

**Updated Response:** Implemented. The Board has updated its Disaster Recovery Plan. The Board has been strategic about testing the adequacy of our Plan by keeping our core systems up and running while at the same time trying to minimize disruption of service.

**14. Work with the Governor's Office to ensure the Board vacancies are filled in a timely manner as required by the Act. (Repeated-2012)**

**Finding:** The Board was not composed of the required number of members as required by the Riverboat Gambling Act. The Board is required to be comprised of five members appointed by the Governor with the advice and consent of the Senate, per the Act. At June 30, 2014, the Board had four serving members.

Board management stated a Board member resigned effective January 26, 2012.

**Updated Response:** Implemented. The Board now has 5 board members and has had 5 board members since October 2015.

**15. Comply with the requirements of the Open Meetings Act.**

**Finding:** The Board failed to comply with requirements of the Open Meetings Act during the examination period. During examination of four Board members and one designee that were required to complete training, auditors noted the following:

- All four Board members in office during the examination period either did not complete or did not timely complete training over the Open Meeting Act as required by the Act. For the two Board members who completed the training, the trainings were done 418 and 419 days late.
- The Board did not obtain or retain a copy of the certifications documenting members' successful completion of the electronic training curriculum for one of three members who completed the training during the examination period.
- The Board did not, at least semi-annually, report in an open session the review of all closed meeting minutes and the determination of the confidentiality status of those minutes. Auditors noted the Board reported on its determination only once during FY13 and once during FY14.
- Lastly, when reviewing the Board's written records of its open meeting sessions held during the examination period and its audio versions of the same meeting minutes, auditors noted there were multiple discrepancies regarding the items being discussed.

Board management stated they requested the Board Members timely complete the training and submit the required certificate; however, some members did not comply. In addition, Board management stated the discrepancies noted were related to typographical or procedural errors.

**Updated Response:** Implemented. Board management staff requests the Board Members to timely complete the training over the Open Meetings Act; and furthermore, we have documented minutes for all of our meetings whether open or closed in FY15 and going forward. We have corrected typographical errors.

**Emergency Purchases**

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts..." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State Property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure

## **REVIEW: 4459**

the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than three business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file an affidavit with the Procurement Policy Board and the Auditor General. The affidavit is to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY13-14, the Illinois Gaming Board filed no affidavits for emergency purchases.

### **Headquarters Designations**

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.

The Board filed the required report in July 2014 and indicated that one employee was assigned to a location other than official headquarters.

**REVIEW: 4460**  
**ILLINOIS GAMING BOARD**  
**TWO YEARS ENDED JUNE 30, 2014**

**APPENDIX A**

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**Summary of Appropriations and Expenditures**

	FY14	FY13	FY12
<b><u>Appropriations</u></b>			
State Gaming Fund	\$ 175,423,000	\$ 168,023,200	\$ 161,143,700

**Expenditures by Object**

<b>All Divisions</b>			
Personal services	\$ 9,339,952	\$ 8,348,605	\$ 7,610,228
Retirement	3,769,169	3,174,530	2,604,276
Social Security	336,015	318,298	297,759
Group insurance	2,100,462	2,160,419	1,510,242
Contractual services	581,927	401,111	344,954
Travel	48,401	47,274	45,523
Commodities	9,505	12,885	18,301
Printing	3,131	925	2,404
Equipment	1,586	8,975	9,620
EDP	112,798	80,627	98,674
Telecommunications	244,184	265,319	265,068
Automotive	74,678	92,600	80,778
Expenses related to the Illinois State Police	12,181,860	11,997,654	13,793,065
Distributions to local governments for admissions and wagering tax (including prior year costs)	96,822,602	103,555,611	106,280,529
Video Gaming Act	16,451,836	15,514,313	8,645,358
Shared Services	277,040	323,744	327,161
Riverboat Gambling Act	3,000,000	-	-
<b>Total</b>	<b>\$ 145,355,146</b>	<b>\$ 146,302,890</b>	<b>\$ 141,933,940</b>

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**REVIEW: 4460**  
**ILLINOIS GAMING BOARD**  
**TWO YEARS ENDED JUNE 30, 2014**

**APPENDIX B**

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	<u><b>Cash Receipts</b></u>		
	<u><b>FY14</b></u>	<u><b>FY13</b></u>	<u><b>FY12</b></u>
<b>General Revenue Fund</b>			
Owners License Auction Proceeds	\$ 10,000,000	\$ 14,657,534	\$ 72,550,000
<b>Education Assistance Fund</b>			
Civil Penalties	\$ 278,205	\$ 176,317	\$ 59,500
<b>State Gaming Fund</b>			
Admission Boat & Gambling Tax	\$ 41,360,053	\$ 45,540,472	\$ 47,506,987
Riverboat Wagering Tax	480,833,443	511,728,182	496,955,823
Occupational License Fees	564,790	564,480	769,960
Riverboat Owner License Fees	50,000	45,000	75,000
Supplier License Fees	155,000	180,000	150,000
Video Gaming Application Fees	88,200	167,300	176,725
Video Gaming License Fees	3,413,160	1,818,550	558,100
Miscellaneous	773	678	2,091
<b>Total State Gaming Fund</b>	<u><b>\$ 526,465,419</b></u>	<u><b>\$ 560,044,662</b></u>	<u><b>\$ 546,194,686</b></u>
<b>Capital Projects Fund</b>	<u>114,445,728</u>	<u>24,455,886</u>	<u>-</u>
<b>Local Government Video Gaming Distributive Fund</b>	<u>\$ 22,890,197</u>	<u>\$ 4,891,178</u>	<u>\$ -</u>
<b>Total Receipts - All Funds</b>	<u><b>\$ 674,079,549</b></u>	<u><b>\$ 604,225,577</b></u>	<u><b>\$ 618,804,186</b></u>

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