**Section 1900.1030 Annual and Special Audits and Other Reporting Requirements**

a) Annual and Special Audits and Other Reports

1) The Administrator shall direct an audit to be performed of the annual financial statements of the Illinois sports wagering operation of a holder of a master sports wagering license, including a report on the internal control system communicating any reportable conditions and material weaknesses noted in the course of the audit. Upon written notice by the Administrator other procedures or reports may be required. The annual audit shall be performed by an independent certified public accountant who is or whose firm is licensed in the State of Illinois. The independent certified public accountant who performs the annual audit shall be approved by the Administrator and may be based on the recommendation of the licensee.

2) The annual audit and internal control report procedures shall be performed in accordance with generally accepted auditing standards. The annual audit report is to be presented in accordance with generally accepted accounting principles and contain the opinion of the independent certified public accountant as to its fair presentation in accordance with the generally accepted accounting principles.

3) To ensure the integrity of gaming and compliance with the Act and the rules of the Board, the Administrator may require at any time a special audit of a holder of a master sports wagering license to be conducted by Board personnel or an independent certified public accountant who is, or whose firm is, licensed in Illinois. The Administrator shall establish the scope, procedures and reporting requirements of any special audit.

b) Quarterly compliance reports by independent certified public accountants or personnel. The Administrator shall require quarterly compliance reports to be prepared and procedures performed by independent certified public accountants or Board personnel covering the following:

1) Quarterly agreed-upon procedures to ascertain that adjusted gross sports wagering receipts are determined in conformity with the Act and this Part;

2) Semiannual agreed-upon procedures relating to internal controls;

3) Semiannual "unannounced" observation of the sports wagering activity and accounting procedures. For purposes of these procedures, "unannounced" means that no officers, directors or employees of the holder of a master sports wagering license or its designee are given advance information regarding the dates or times of the observations;

4) Review of purchasing functions and contractual agreements, both oral and written, on a sample basis, in order to report on compliance with the licensee's internal control system and to determine that those purchases and contractual agreements are not in excess of their fair market value. This review shall be conducted at least annually at the direction of the Administrator; and

5) Quarterly reports on deviations from the licensee's approved internal control system based on procedures performed in the reports of adjusted gross sports wagering receipts, procedures relating to internal controls, purchasing and contracting functions or "unannounced" observations.

c) Independent certified public accountants performing annual audits shall not perform compliance services on behalf of the Administrator for the same licensees.

d) Independent certified public accountants who perform compliance services to a licensee on behalf of the Administrator shall not perform an annual audit or any other service for the licensee during the terms of their engagement and for a period of two years following termination of the engagement.

e) The holder of master sports wagering license shall prepare a written response relating to findings noted in the independent certified public accountant's or Board's reports as required by subsections (a) and (b). The response shall indicate in detail the corrective actions taken and shall be incorporated in the independent certified public accountant's or Board's reports.

f) The reports required under this Section shall be submitted electronically in a manner prescribed by the Administrator and the reports shall be received by the Administrator no later than the required filing date.

1) Quarterly reports for procedures performed in the first three fiscal quarters of a licensee's approved fiscal year shall be due not later than two months after the last day of the quarter.

2) Quarterly reports for the procedures performed in the fourth fiscal quarter of the licensee's approved fiscal year and the annual reports shall be due not later than three months after the last day of the calendar or fiscal year.

g) Master sports wagering licensees who are public reporting companies under the Securities Act of 1933 or the Securities Exchange Act of 1934 shall submit electronic copies of all reports required by the Securities and Exchange Commission to the Administrator. These reports shall be due on the same filing dates as required by the Securities and Exchange Commission.

h) All of the audits and reports required by this Section that are performed by independent certified public accountants shall be prepared at the sole expense of the master sports wagering licensee.

i) The reporting year end of the master sports wagering licensee shall be December 31.