



**State of Illinois
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
STATE COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2021**

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

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
STATE COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2021**

TABLE OF CONTENTS

<i>State Compliance Examination Report</i>	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
State Compliance Report	
Summary	4
Independent Accountant's Report on State Compliance and on Internal Control over Compliance	6
Schedule of Findings	
Current Findings	10

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
STATE COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2021**

AGENCY OFFICIALS

Director (04/20/21 – Present)	Mr. Jerry Costello II
Director (Acting) (02/28/20 – 04/19/21)	Mr. Jerry Costello II
Director (Acting) (01/13/20 – 02/27/20)	Mr. Jeremy Flynn
Director (10/01/19 – 01/12/20)	Mr. John Sullivan
Chief Fiscal Officer, Acting (06/01/22 – Present)	Mr. Todd Haberer
Chief Fiscal Officer (12/16/19 – 05/31/22)	Ms. Johanna Helm
Chief Fiscal Officer (10/01/19 – 12/15/19)	Mr. Tyler White
General Counsel	John Teefey
Chief Internal Auditor	Vacant
Fair Manager (01/01/22 – Present)	Ms. Rebecca Clark
Fair Manager (Acting) (10/01/21 – 12/31/21)	Mr. Joe Khayyat
Fair Manager (10/01/19 – 09/30/21)	Mr. Kevin Gordon
Assistant Fair Manager	Vacant

STATE FAIR OFFICE

Primary administrative office is located at:

State Fairgrounds
801 Brian Raney Avenue
Springfield, IL 62702

MANAGEMENT ASSERTION LETTER

June 3, 2022

Adelfia, LLC
Certified Public Accountants
400 East Randolph Street, Suite 700
Chicago, Illinois 60601

Ladies and 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 Illinois State Fair (Fair), a function of the State of Illinois, Department of Agriculture (Department). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements for operations and transactions associated with the Fair. We have performed an evaluation of the Department's compliance with the following specified requirements during the two-year period ended September 30, 2021. Based on this evaluation, we assert that during the years ended September 30, 2020, and September 30, 2021, the Department has materially complied with the specified requirements listed below.

- A. The Department has obligated, expended, received, and used public funds of the State associated with the Fair in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received, and used public funds of the State associated with the Fair 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 Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations associated with the Fair.
- D. Other than what has been previously disclosed and reported in the Schedule of Findings, State revenues and receipts collected by the Department associated with the Fair 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.

- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department associated with the Fair have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Department of Agriculture

SIGNED ORIGINAL ON FILE

Mr. Jerry Costello II, Director

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Mr. Todd Haberer, Acting Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Mr. John Teefey, General Counsel

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Ms. Rebecca Clark, State Fair Manager

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
STATE COMPLIANCE EXAMINATION
For the Two Years Ended September 30, 2021**

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 material weakness over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	6	3
Repeated Findings	3	3
Prior Recommendations Implemented or Not Repeated	-	-

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2021-001	10	2019/2017	Weakness in receipt reconciliations	Material Weakness and Material Noncompliance
2021-002	12	2019/2011	Ambiguous Statutory Language	Significant Deficiency
2021-003	14	2019/2017	Weaknesses in contract administration associated with the Illinois State Fair	Significant Deficiency and Noncompliance

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (continued)				
2021-004	16	New	Inadequate controls over gates and parking admission	Significant Deficiency and Noncompliance
2021-005	18	New	Inadequate controls over space rentals	Significant Deficiency and Noncompliance
2021-006	20	New	Inadequate controls over temporary employee timesheets	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Illinois State Fair personnel at an exit conference on May 26, 2022.

Attending were:

DEPARTMENT OF AGRICULTURE, ILLINOIS STATE FAIR
 John Teefey, General Counsel
 Tess Feagans, Assistant General Counsel
 Todd Haberer, Deputy Chief Fiscal Officer
 Rebecca Clark, Fair Manager

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
 Jack Raker, Chief Internal Auditor
 Amy Lange, Internal Auditor
 Michael Flesch, Internal Auditor

OFFICE OF THE AUDITOR GENERAL
 Janis Van Durme, Health and Human Services Audit Manager

ADELFA LLC
 Jennifer Roan, Partner
 Maria Divina Valera, Partner
 Andrew Guerrero, Manager

The responses to the recommendations were provided by Amy Lange, Audit Liaison, in a correspondence dated June 3, 2022.



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 Illinois State Fair (Fair), a function of the State of Illinois, Department of Agriculture (Department), 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 September 30, 2021. Management of the Department is responsible for compliance with the specified requirements for operations and transactions associated with the Fair. Our responsibility is to express an opinion on the Department's compliance with the specified requirements for operations and transactions associated with the Fair based on our examination.

The specified requirements are:

- A. The Department has obligated, expended, received, and used public funds of the State associated with the Fair in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received, and used public funds of the State associated with the Fair 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 Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations associated with the Fair.
- D. Other than what has been previously disclosed and reported in the Schedule of Findings, State revenues and receipts collected by the Department associated with the Fair 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.

- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department associated with the Fair have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, 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 Department complied with the specified requirements for operations and transactions associated with the Fair in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements for operations and transactions associated with the Fair. 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 for operations and transactions associated with the Fair, 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.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements for operations and transactions associated with the Fair.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Fair during the two years ended September 30, 2021.

Specified Requirement C

As described in the accompanying Schedule of Findings as item 2021-001, the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations associated with the Fair.

Specified Requirement D

As described in the accompanying Schedule of Findings as item 2021-001, the Department had not ensured the State revenues and receipts collected by the Department associated with the Fair were 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.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Department complied with the specified requirements for operations and transactions associated with the Fair during the two years ended September 30, 2021, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements for operations and transactions associated with the Fair, 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 2021-003 through 2021-006.

The Department's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Department'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 Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control) for operations and transactions associated with the Fair. In planning and performing our examination, we considered the Department's internal control for operations and transactions associated with the Fair to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements for operations and transactions associated with the Fair and to test and report on the Department's internal control for operations and transactions associated with the Fair in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control for operations and transactions associated with the Fair. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control for operations and transactions associated with the Fair.

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 a material weakness 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 item 2021-001 to be a material weakness.

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 2021-002 through 2021-006 to be significant deficiencies.

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

The Department's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Department'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

Chicago, Illinois

June 3, 2022

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

2021-001 **FINDING** (Weakness in receipt reconciliations)

The Illinois State Fair (ISF) did not properly reconcile its financial records.

The ISF was unable to properly reconcile the 2021 Fair receipts in the Fair Management System (FMS) to the Illinois Department of Agriculture’s (Department) Receiving System. The Department’s monthly Deposit and Cash reconciliations have not been completed or balanced. Therefore, ISF was unable to provide supporting documentation for Fiscal Years 2021 adjustments entered in the Department’s Receiving System to ensure entries were correct and supported.

This finding was first reported in the ISF’s *State Compliance Examination* for the two years ended September 30, 2017. In subsequent years, the ISF has been unsuccessful in implementing an adequate corrective action plan.

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) requires the Department and ISF to reconcile its internal records to the Office of Comptroller (IOC) records on a monthly basis within 60 days of month end to ensure the early detection and correction of errors.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the ISF to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues are properly recorded and accounted for and that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

ISF management indicated the ISF could not agree the adjustments entered in the Department’s Receiving System were accurate because Department reconciliations were not completed due to significant staff shortages.

Failure to conduct reconciliations of the Department and ISF receipt records to the IOC records hinders the ability of staff to identify and correct errors which could result in incomplete or inaccurate financial information, and it represents noncompliance with the SAMS Manual and FCIAA. (Finding Code No. 2021-001, 2019-001, 2017-001)

RECOMMENDATION

We recommend ISF work with the Department to ensure monthly receipt reconciliations are performed, reviewed, and approved. We also recommend, after the reconciliations are performed, the ISF notify the IOC and resolve all differences noted during the reconciliation process, if applicable.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

ISF RESPONSE

Illinois State Fair accepts the finding. ISF Management is working with the Illinois Department of Agriculture, Bureau of Budget and Fiscal Services (BBFS) to establish a system for monthly reconciliations between ISF and BBFS. ISF is also working with the Department of Innovation and Technology to replace the Fair Management System, which is no longer supported, with a program that will work cohesively with established software systems within the State's financial system.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

2021-002 **FINDING** (Ambiguous Statutory Language)

Due to ambiguous language within the Illinois Horse Racing Act of 1975 (Act) (230 ILCS 5/31(j)(3)), we were unable to conclude whether the Illinois State Fair (ISF) was in compliance with the Act during the examination period.

The Illinois Horse Racing Act (230 ILCS 5/31(j)(3)) states, "...at least a 5-day racing program shall be conducted at the State Fair each year..."

Since the release of the ISF's *State Compliance Examination* for the two years ended September 30, 2011, we have interpreted § 31(j)(3) of the Act to mean a five day racing program should be annually conducted at both the ISF **and** the DuQuoin State Fair (DSF). Our consistent recommendation over the past ten years has been the ISF should either hold a five-day racing program or seek legislative remedy. The ISF has consistently agreed with this recommendation over the past ten years.

However, during the current period's examination, ISF management has reviewed and reassessed its interpretation of the definition of the term "State Fair" within § 31(j)(3) of the Act. According to ISF officials, they conducted an in-depth review of the whole Act, particularly § 31(l) and § 31(g) of the Act, to conclude the Act requires a five-day racing program **between both** the ISF and DSF. As the ISF held a four-day racing program and the DSF held a two-day racing program during 2021, ISF management believes it is in compliance with the Act.

When re-reading the Act in its entirety, we noted the Act appears to have made, at least, some distinction between the DSF and ISF. We noted some sections of the Act appear to use ISF and "State Fair" interchangeably, and other sections appear to use "State Fair" as meaning both fairs. However, most sections of the Act refer to ISF as the "Illinois State Fair" and the DSF as the "DuQuoin State Fair." We also were unable to determine if a typographical error existed by omitting an "s" at the end of "State Fair" when the legislation was drafted. Further, we noted "State Fair" is not defined by the Act. As such, we concluded an ambiguity exists within the Act as currently drafted on how to interpret the Act's racing program requirement.

Without ISF working with the Illinois General Assembly to obtain clarity regarding this ambiguous language, we were unable to complete our procedures and provide useful and relevant feedback to the Illinois General Assembly regarding compliance by the ISF with § 31(j)(3) of the Act. (Finding Code No. 2021-002, 2019-002, 2017-002, 2015-002, 2013-001, 11-2)

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

RECOMMENDATION

We recommend the ISF either hold a five-day racing program or work with the Illinois General Assembly to seek legislative remedy to clarify the meaning of the term “State Fair” within the Act, as the State has both the DSF and the ISF.

ISF RESPONSE

Illinois State Fair accepts the finding. ISF will do its best to hold a five-day racing program, unless an alternate racing program is requested by the Illinois Standardbred Breeders Fund Advisory Board pursuant to Section 31(j)(3) of the Horse Racing Act of 1975.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

2021-003 **FINDING** (Weaknesses in contract administration associated with the Illinois State Fair)

The Illinois State Fair (ISF) did not maintain adequate controls over contractual agreements.

During our contractual agreement testing for the 2021 Fair, we noted the following exceptions:

- Three of 60 (5%) contractual agreements tested, totaling \$3,638, did not have a certificate of insurance filed with the ISF.

According to the applicable contractual agreement, the vendor was required to supply a Certificate of Insurance to the ISF.

- Additionally, we noted 13 of 60 (22%) contractual agreements tested lacked one or more required clauses such as: Bribery Clause, Debt Delinquency Certification, Environment Protection Act, Felons, Prohibited Bidders and Contractors Certification / Felony Conviction under the Sarbanes-Oxley Act or Illinois Securities Law, Illinois Use Tax Certification, Access to & Right to Audit Records.

The Code (30 ILCS 500/50-5(d)) requires vendor certification that it has not been convicted of bribing or attempting to bribe an officer or employee of the State of Illinois or any other State, nor has the vendor made an admission of guilt of such conduct that is a matter of record.

The Code (30 ILCS 500/50-11(b)) requires vendor certification that it and its affiliates are not delinquent in the payment of any debt to the State (or if delinquent has entered into a deferred payment plan to pay the debt), and the vendor and its affiliates acknowledge the State may declare the contract void if this certification is false.

The Code (30 ILCS 500/50-14(c)) requires vendor certification that it has not been found by a court or the Pollution Control Board to have committed a willful or knowing violation of the Environmental Protection Act within the last five years, and is therefore not barred from being awarded a contract.

The Code (30 ILCS 500/50-10(b)) requires vendor certification that if it has been convicted of a felony, that at least five years have passed from the completion of the sentence for that felony, unless no person held responsible by a prosecutor's office for the facts upon which the

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

conviction was based continues to have any involvement with the business.

The Code (30 ILCS 500/50-10.5 (b)) requires vendor certification that it is not barred from being awarded a contract and acknowledges that the contract shall be declared void if the certification is false.

The Code (30 ILCS 500/50-12(b)) requires vendor certification that it and all its affiliates shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with provisions of the Illinois Use Tax Act and acknowledges that failure to comply can result in the contract being declared void.

The Code (30 ILCS 500/20-65(b)) states every contract and subcontract shall provide that all books and records required to be maintained shall be available for review and audit by the Auditor General, chief procurement officer, internal auditor, and the purchasing agency. Every contract and subcontract shall require the contractor and subcontractor, as applicable, to cooperate fully with any audit.

This finding was first reported in the ISF's *State Compliance Examination* for the two years ended September 30, 2017. In subsequent years, the ISF has been unsuccessful in implementing an adequate corrective action plan.

Fair management indicated the exceptions were due to employee oversight and unresponsive vendors.

Failure to include required clauses and information within the contract obligations, results in noncompliance with the Illinois Procurement Code and increases the risk that a potential conflict may not be detected timely. (Finding Code No. 2021-003, 2019-003, 2017-003)

RECOMMENDATION

We recommend the ISF ensure all contracts and related disclosure forms are properly completed, approved and executed prior to the start of the services or lease terms.

ISF RESPONSE

Illinois State Fair accepts the finding. ISF will continue to ensure all contracts and related disclosure forms are properly completed, approved, and executed prior to the start of the services or lease terms.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

2021-004 **FINDING** (Inadequate controls over gates and parking admission)

The Illinois State Fair (ISF) did not have adequate controls over gates and parking admissions.

During the 2021 Fair, we observed the Fair Gate Operation for 12 Gates of the Fairground on four separate days to determine whether ISF established procedures were adhered to. We also observed cars at the fairground parking lots on four separate days to check if patrons displayed a valid parking pass on their cars as required. During our observations of gates and parking admissions at the 2021 Fair, we noted the following deficiencies:

- Two of 4 (50%) daily gate observations contained a period where vehicles were allowed into the fairgrounds without the proper credentials. The exceptions noted were identified at 2 of the 12 Gates.
- Two of 4 (50%) daily parking observations contained vehicles parked in specified lots with missing parking passes displayed on the dashboard. The exceptions noted were identified at 3 of the 12 Gates.
- One of 4 (25%) daily gate observations contained a period where the ticket seller was the same individual receiving the tickets. The exception noted was identified at 1 of the 12 Gates.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the ISF to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues are properly recorded and accounted for and that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

ISF management indicated the exceptions were due to employee oversight and a reduced number of staff and volunteers during the COVID-19 pandemic.

Failure to have adequate controls in place over gates and parking admissions could result in the loss of revenue to the State. (Finding Code No. 2021-004)

RECOMMENDATION

We recommend the ISF continue to stress the importance of proper segregation of duties and implement adequate internal controls to ensure required tickets and parking passes be obtained for all individuals entering the gates.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

ISF RESPONSE

Illinois State Fair accepts the finding. ISF will continue to stress the importance of proper segregation of duties at all gates. All fairgoers should have the proper credentials (parking/admission) to enter the fairgrounds. ISF has limited enforcement mechanisms to stop individuals or vehicles from entering the gates without credentials, and staff and volunteer safety is critical. ISF will not implement any policy that could jeopardize the lives of our staff.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

2021-005 **FINDING** (Inadequate controls over space rentals)

The Illinois State Fair (ISF) did not have adequate controls in place to ensure that all leases for space were properly enforced.

During our space rental testing during the 2021 Fair, we noted the following:

- Seven of 45 (16%) space rental contracts tested, totaling \$19,157, rates stated in the contract did not agree with the ISF rate schedule, resulting in net underpayment by vendors of \$4,223.

ISF management stated the ISF updated the rate schedule in July 1, 2021 and existing vendors were grandfathered in at their established rates whether or not they matched the new rate schedule. As a result, some vendors do pay different space rental fees than the published rates, as the new rate schedule is for new vendors or vendors that came after the new schedule was implemented.

- Six of 45 (13%) space rentals contracts tested, actual footage did not agree with the contract, ranging from 4 to 20 feet over allowable space.

ISF management indicated this exception was due to several factors, including relocation of vendors due to reduced participation and reduced staffing, both related to COVID-19, which impacted ISF enforcement capacity when vendors failed to timely comply with requirements.

- One of 45 (2%) space rental contracts tested, amounting to \$544, had an underpayment of \$36 between the Fiscal Management Receipt and daily sales report recalculation.

ISF management indicated this exception was due to employee oversight.

This issue was first communicated to ISF management during the ISF's *State Compliance Examination* for the two years ended September 30, 2011. During Fiscal Year 2020 and 2021, management did not take adequate corrective action to implement appropriate and reasonable corrective action for this issue.

The "Measuring Space" rules in the Illinois Administrative Code (Code) (8 Ill. Admin. Code 270.105) specifically dictate how space is to be measured for space rental contracts on the fairgrounds. Good internal control procedures require that vendors be charged consistent rates found in the space rental rate schedules and dictate the ISF monitor contractual compliance of its vendors to verify amounts due to or from the ISF.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

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

Inadequate controls over space rental contracts results in noncompliance with the Code and the Fiscal Control and Internal Auditing Act and could result in the loss of revenue to the ISF. (Finding Code No. 2021-005)

RECOMMENDATION

We recommend ISF to enhance its internal control over monitoring space rental contracts to ensure compliance with the terms of the contracts and established rate schedules. We also recommend the ISF seek reimbursement for the amount owed to it from the 2021 Fair.

ISF RESPONSE

Illinois State Fair accepts the finding. ISF will explore additional ways of making clear to vendors their space usage terms, including allowing vendors to purchase additional space if the space is measured at over their contract amount, or physically shrinking their space if it is over at the time of measurement with ISF staff. Additionally, ISF will work with the Illinois Department of Agriculture, Bureau of Budget and Fiscal Services to evaluate options of referring non-paying vendors to collections, in addition to working with Illinois Department of Revenue to deny vendors from returning to ISF if they have any outstanding debts with ISF or the State of Illinois.

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

2021-006 **FINDING** (Inadequate controls over temporary employee timesheets)

The Illinois State Fair (ISF) did not exercise adequate controls over temporary employee timesheets.

During our testing of temporary employees for the 2021 Fair, we noted the following exceptions:

- Six of 53 (11%) temporary employees tested did not have a signed timesheet by the supervisor.
- For 4 of 53 (8%) temporary employees selected for testing, the ISF was unable to provide a copy of the employees' timecard/timesheet. As such, we were unable to verify hours worked for the seven employees.
- Three of 53 (6%) temporary employees tested did not have an application on file.

ISF procedures in place during the 2021 Fair required a temporary employee to sign in and sign out when beginning and ending a shift. Further, the employee's supervisor was required to review and sign the employee's timecard/timesheet.

The State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)) requires State employees to submit time sheets documenting the time spent each day on official State business; contractual State employees may satisfy the time sheets requirement by complying with the terms of their contract, which shall provide for a means of compliance with this requirement.

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

The State Records Act (5 ILCS 160/8) requires the ISF to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

ISF management indicated exceptions were due to employee oversight

Failure to properly complete timesheets could lead to an increased risk of the State compensating employees for time not actually spent at work. Failure to obtain applications for temporary employees may lead to the hiring ineligible personnel. (Finding Code No. 2021-006)

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
ILLINOIS STATE FAIR
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended September 30, 2021**

RECOMMENDATION

We recommend the ISF ensure employee attendance is documented properly and provide temporary employees and their supervisors with reminders of the proper manner to complete their daily timesheets throughout their seasonal employment. Furthermore, we recommend the ISF obtain and maintain applications for all Fair employees.

ISF RESPONSE

Illinois State Fair accepts the finding. ISF is working with the Illinois Department of Agriculture, Bureau of Human Resources to adopt an electronic timecard system for all seasonal employees during the 2022 fair. This new system will require an enhanced role from the Department of Innovation and Technology to provide the necessary equipment and security exceptions that will allow for placement throughout the 300+ acre campus. While there will be a significant cost associated with the move, ISF hopes the new system will help alleviate missing time information and improve accountability.