



## Attestation Report of the Nebraska State Racing Commission July 1, 2004, through June 30, 2005

**KATE WITEK, AUDITOR OF PUBLIC ACCOUNTS  
STATE CAPITOL, SUITE 2303  
LINCOLN, NEBRASKA 68509 (402)471-2111**

### Report Highlights

*Issued August 2005*

The Nebraska State Racing Commission was established in 1935 to provide statewide regulation of horse racing in order to prevent and eliminate corrupt practices and fraudulent behavior and thereby maintain a high level of integrity and honesty in the horse racing industry of Nebraska.

The Commission consists of three members appointed by the Governor for three-year terms. They meet approximately six times per year to approve licenses for live horse racing and simulcasting, adopt administrative rules, and conduct administrative hearings. The members are not paid, but are reimbursed for their expenses.

The operations of the State Racing Commission are financed from daily track license fees and occupational license fees. In addition, each licensed racetrack is required to pay the Commission four-tenths of one percent of the gross sum wagered. This percentage changed to sixty-four one hundredths of one per cent effective June 3, 2005.

The report included 6 Comments and Recommendations, following is a summary of the comments:

**1. Internal Control Over Cash Receipts:** One person had the ability to perform all phases of the receipts process at the racetrack. There was also one person at the Commission's office in Lincoln that had the ability to perform all phases of the receipt process at the Lincoln office. There was no reconciliation by the Racing Commission between the computer system used to receipt and issue licenses, Fox Pro, and the Nebraska Information System (NIS). A reconciliation requested by the auditors, and performed by the Commission, noted the amount recorded on Fox Pro was \$73,269 and the amount recorded on NIS was \$74,912, a difference of \$1,643.

**2. Travel Expenses:** Two expense reimbursement documents were not submitted within one month of travel. Two expense reimbursement documents appeared to be unreasonable and did not have adequate supporting documentation for meal expenses, totaling \$312. Two expense documents were incorrectly coded to Board and Lodging when they should have been coded to Meals-One Day Travel, totaling \$52.

**3. License Costs:** The Commission did not have supporting documentation for the basis for the fees charged. Costs related to the issuance of licenses were not included in the fees.

**4. Salary Reimbursement:** The Commission did not bill two racetracks for live days of racing: Columbus was not billed for two days of live racing for a total of \$1,200 and Fonner Park was not billed for 14 days of live racing for a total of \$8,400. Total amount not billed was \$9,600.

**5. Batch Management:** One employee was noted as having authorization to enter, approve, and post their own documents in Accounts Payable, Accounts Receivable, and General Ledger on NIS.

**6. Reconciliation of Bank Records to the Nebraska Information System:** The Department of Administrative Services' reconciliation process is still not done in a timely manner and continues to reflect unknown variances.

The report in its entirety can be found on our website: [www.auditors.state.ne.us](http://www.auditors.state.ne.us).

Annual Handles by Racetrack  
For Calendar Years 2000 Through 2004

