

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

REVIEW REPORT
OF
INDIANA HORSE RACING COMMISSION
STATE OF INDIANA
May 1, 2006 to April 30, 2008



FILED
08/13/2008

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Joseph Gorajec	07-01-05 to 06-30-09
Chairman	Sarah McNaught	04-01-05 to 01-11-09



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA HORSE RACING COMMISSION

We have reviewed the receipts, disbursements, and assets of the Indiana Horse Racing Commission for the period of May 1, 2006 to April 30, 2008. The Indiana Horse Racing Commission's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Indiana Horse Racing Commission are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations, except as stated in the review comments.

STATE BOARD OF ACCOUNTS

July 14, 2008

INDIANA HORSE RACING COMMISSION
REVIEW COMMENTS
APRIL 30, 2008

SUPPLEMENTATION OF APPROPRIATION

The Indiana Horse Racing Commission deposited \$4,481.31 of prior fiscal year expenditures as current year refunds of expenditure. By recording these as a refund of the current year's expenditures, the Indiana Horse Racing Commission supplemented its State appropriations by the amount identified.

A refund of expenditure can only be used if the original disbursement and the refund or collection are within the same fiscal year. If a collection is not received within the same fiscal year, the collection must be recorded as miscellaneous revenue. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 3)

SDO ADVANCE TURNOVER

As stated in prior Report B27698, the four Special Disbursing Officer (SDO) local purchase advances of the Indiana Horse Racing Commission were not turned over, or reimbursed completely, for several months.

Whenever a SDO fund is established, money is removed from a Treasurer of State bank account and thus is not being invested. Therefore, consideration should be given to the size of the SDO fund. If you are not using your total SDO advance within one or two months then your SDO advance is too large and should be reduced. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 7)

INDIANA HORSE RACING COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2008, with Joseph Gorajec, Director; and Wendi Samuelson-Dull, Controller. The official response has been made a part of this report and may be found on page 6.



Indiana Horse Racing Commission State of Indiana

Mitchell E. Daniels, Jr., Governor

www.in.gov/ihrc

TO: Bruce A Hartman, State Examiner
State Board of Accounts

FROM:  Joe Gorajec
Executive Director

DATE: July 24, 2008

RE: Official Response to Audit Results and Comments for the
Period 05/01/06 through 04/30/08

In response to the audit exit conference held on July 24, 2008, the Indiana Horse Racing Commission (IHRC) staff would like to present the following information:

1) SUPPLEMENTATION OF APPROPRIATION

We concur. It is the IHRC's policy to deposit refunds from previous fiscal year expenditures as miscellaneous revenue. The Commission staff will continue to make every effort to ensure the correct procedures are followed when depositing a refund of expenditure.

2) SDO ADVANCE TURNOVER

The Commission controller will evaluate all current SDO advances to determine what corrective action should be taken. Prior to this audit, the advancement amount for two of the four SDO accounts was reduced.