
Horse Racing Commission (HRC)

Agency: 185

Audit Report: 1001211

Finding Number: 001

Finding: The Washington Horse Racing Commission does not have adequate controls over receipting and reporting of license fees.

Resolution: On March 25, 2009, Commission staff met with representatives of the Office of Financial Management's Small Agency Client Services (SACS) to discuss approaches for strengthening controls. The following controls have been established:

- Quarterly reconciliations are being conducted by SACS to ensure all deposits are properly recorded in the appropriate account.
- In June 2009, the Commission instituted a new cash receipts policy for the proper handling of cash receipts, including licensing fees, industrial insurance premiums, fines, etc. Specifically, the policy requires:
 - Each employee to use his/her individual secured login when working the licensing counter.
 - Each license transaction to be accounted for separately. If possible, one employee will be in charge of issuing licenses and the second person will do a separate cash count to verify amounts collected. If it becomes necessary for more than one person to issue licenses in a day, then each person will do an independent cash count to verify amounts collected.
 - Staff to verify that check and cash composition matches the daily deposit report. Discrepancies are to be reported to the supervisor.
 - If any additional transactions are made after the daily receipts are reconciled, then a second transaction report is to be printed and any additional receipts reconciled against the final transaction report.
 - All deposits to be deposited in the bank on the day they are collected or by the end of the next day and to have a separate deposit slip filled out. If monies are not deposited properly, the employee is to notify the supervisor.
 - All bank deposits to be stamped with the restrictive endorsement stamp.
 - Receipts held overnight to be locked in the safe.
 - The cash drawer to remain locked when licensing staff leaves the office.
 - The supervisor to report to the confidential secretary in Olympia discrepancies in cash/check composition and deposits that are not made within the policy timeframe.
 - The agency's confidential secretary to perform a monthly reconciliation, except during the off-season, comparing the total dollars for licenses, fines, and industrial insurance premiums reported in the Commission's Equine Licensing and Management System to the deposits received and to report the results of such reconciliation to the executive secretary.

The new cash receipts policy was issued as a special directive. A hard copy was sent to all Commission employees as well as verbally shared with employees responsible for cash receipts. It will become part of the Commission's 2010 Policy Manual.

Status of Audit Resolution

December 2009

The coding error described in the audit finding occurred in the Agency Financial Reporting System only and not in the monthly report that was furnished to the Commission. As such, the coding error had no impact on the Commission's ability to make policy/budget decisions.

Agency Contact:

Robert J. Lopez
Horse Racing Commission
PO Box 40906
Olympia WA 98504-0906
(360) 459-6462
rlopez@whrc.state.wa.us