

**REPORT DIGEST**

**ILLINOIS RACING BOARD  
FINANCIAL AND COMPLIANCE AUDIT  
FOR THE TWO YEARS ENDED JUNE 30, 1994**

{Expenditures and Activity Measures are summarized on the reverse page.}

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### INADEQUATE CONTROL OVER PROPERTY AND EQUIPMENT

The Board continues to have problems with accounting controls over property and equipment. While the Board started to implement controls and take a complete physical inventory in 1993, these processes have not yet been completed.

In this audit, we found, among other things, that the Board still had large amounts of obsolete inventory in its possession (\$291,146); that some asset records lacked serial numbers (14 of 570); that some items transferred to other agencies were misclassified as deletions instead of transfers (\$249,612 of \$658,500); that software costs were incorrectly included on fixed asset listing; and that shipping and handling charges were not included in the capitalized cost of fixed assets.

We recommended the Board complete their inventory and implement controls. The Board responded individually to each type of instance pointed out in the finding but generally concurred with the finding and promised corrective actions. (Finding #1, page 9) **This finding has been repeated since 1988.** (See Digest Footnote 1 for previous responses.)

### NO SEGREGATION BETWEEN ACCOUNTING AND PROPERTY CONTROL

The property department did not segregate duties between the accounting and physical observation functions relating to inventory and other property. This increases the risk of errors and irregularities.

We recommended the record-keeping functions be separated from the physical counting of property and inventory and that the Board develop and document procedures for this function. (Finding #5, page 17)

The Board agreed to segregate the functions.

### OTHER FINDINGS

The remaining four findings in this report were less significant and have been given appropriate attention by the Board. We will review progress toward the implementation of our recommendations in our next audit.

Mr. Joseph J. Sinopoli, Executive Director of the Illinois Racing Board, provided responses.



**ILLINOIS RACING BOARD**  
**FINANCIAL COMPLIANCE AUDIT**  
**For The Two Years Ended June 30, 1994**

<b>EXPENDITURE STATISTICS</b>	<b>FY 1994</b>	<b>FY 1993</b>	<b>FY 1992</b>
● <b>Total Expenditures (All Funds)</b>	<b>\$9,906,737</b>	<b>\$9,397,533</b>	<b>\$10,103,397</b>
<u>OPERATIONS TOTAL</u> % of <b>Total</b> Expenditures	\$5,429,816 55%	\$5,324,011 57%	\$5,410,869 54%
Personal Services % of Operations Expenditures Average No. of Employees:	\$3,567,215 66%	\$3,445,876 65%	\$3,566,459 66%
Full time	46	48	46
Per Diem	71	78	75
Other Payroll Costs (FICA, Retirement) % of Operations Expenditures	\$555,163 10%	\$544,964 10%	\$486,778 9%
Contractual Services % of Operations Expenditures	\$602,864 11%	\$601,486 11%	\$602,597 11%
All Other Operations Items % of Operations Expenditures	\$704,574 13%	\$731,685 14%	\$755,035 14%
<u>GRANTS - RACE TRACK IMPROVEMENT FUND</u> % of <b>Total</b> Expenditures	\$4,476,921 45%	\$4,073,522 43%	\$4,692,528 46%
● <b>Cost of Property and Equipment</b>	<b>\$2,554,163</b>	<b>\$3,234,645</b>	<b>\$3,154,130</b>

<b>SELECTED ACTIVITY MEASURES</b>	<b>CY 1993</b>	<b>CY 1992</b>	<b>CY 1991</b>
●On Track Handle (millions)	\$452.8	\$504.5	\$565.6
●Intertrack Handle (millions)	313.6	330.7	324.5
●Off Track Handle (millions)	<u>515.6</u>	<u>455.7</u>	<u>358.1</u>
●Total Illinois Handle (millions)	<u>\$1,282.0</u>	<u>\$1,290.9</u>	<u>\$1,248.2</u>
●Post Race Drug Tests	30,392	27,914	39,566
●Positive Test for Prohibited Drug	58	40	32

<b>EXECUTIVE DIRECTOR(S)</b>
During Audit Period: Joseph J. Sinopoli Currently: Joseph J. Sinopoli