



EXECUTIVE SUMMARY

DEPARTMENT OF LAW AND PUBLIC SAFETY NEW JERSEY RACING COMMISSION SELECTED PROGRAMS July 1, 2016 to March 31, 2020

We found the selected transactions included in our testing were related to New Jersey Racing Commission (NJRC) programs, were properly processed, and were generally recorded properly in the accounting systems. In making these determinations we identified missing cash receipts as well as other areas where improvements can be made to the handling of cash receipts, accounting for the treatment of transfers between general and special revenue funds, outstanding fines and license suspensions, monitoring of the federal fingerprinting requirements, equine fatality reporting, and logical access controls of the NJRC system.

AUDIT HIGHLIGHTS

- Our review of revenue included racing licensing fees, fingerprinting fees, and fines assessed for violation of racing rules and regulations. For fiscal years 2018 and 2019, we selected a sample of 50 transactions totaling \$437,261 and noted 59 percent were not deposited timely, 93 percent were not recorded in the state's accounting system timely, 98 percent were not properly initialed, and 78 percent of the dated receipts collected did not agree with the date of the daily collection report on which they were recorded.
- Our test of revenues collected from January 1, 2017, through October 31, 2018, noted ten receipts totaling \$1,099.25 were not supported by deposit slips nor were they recorded in the state's accounting system.
- The NJRC improperly processed transactions in the state's accounting system. For fiscal years 2017 through 2019, transactions totaling \$7.5 million were transferred from a special revenue fund to the General Fund by generating a check from the special revenue fund and depositing it into the General Fund. By processing transactions in this manner, and not as a reimbursement, the revenues and expenditures in the General Fund are overstated.
- The NJRC's internal procedures require that if a licensee does not pay fines within 48 hours, they would be suspended, placed on the security guide, and not allowed to participate or be re-licensed until the fine is collected. We selected 100 of 138 licensees with outstanding fines over 90 days from March 13, 2000 through August 30, 2019 and noted the NJRC did not suspend the licenses of 18 individuals. Furthermore, fines totaling \$215,725 ranged from 10 to 19 years old. The NJRC has not referred any unpaid fines to the Department of Treasury, Division of Revenue and Enterprise Service for further collection efforts.
- We tested 82 licensees and found that 32 were not in compliance with the federal fingerprinting requirements which state that a licensee must be federally fingerprinted every five years.
- We reviewed equine fatality reports from 2014 through 2018 for timeliness and completeness and noted 50 of 111 reports were missing information. Also, timeliness could not be determined because date stamps were not present. Timely submission and completed reports are necessary to maintain proper oversight of the general health of the racehorses, as well as observing trends in racing-related fatalities.
- Controls over user access privileges to the NJRC system need to be improved. With multiple users having delete capability and a lack of consistency over who has this privilege, the integrity of the data is impacted. Also, there is no formal written policy for granting and removing system user access from the NJRC system.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report, click [here](#).