



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Office of Racing Commissioner

Department of Agriculture

Report Number:
79-310-02

Released:
March 2003

The Office of Racing Commissioner (ORC) has responsibilities relating to licensure, enforcement, and regulation of race meetings in Michigan and persons involved in those race meetings, in accordance with Sections 431.301 - 431.336 of the Michigan Compiled Laws (the Horse Racing Law of 1995). The Racing Commissioner is appointed for a term of four years by the Governor with the advice and consent of the Senate.

Audit Objective:

To assess ORC's effectiveness in administering the provisions of Sections 431.301 - 431.336 of the *Michigan Compiled Laws* (the Horse Racing Law of 1995) relating to licensing, enforcing, regulating, and promoting horse racing and pari-mutuel wagering.

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Audit Conclusion:

We concluded that ORC was generally effective in administering the provisions of the Horse Racing Law of 1995 relating to licensing, enforcing, regulating, and promoting horse racing and pari-mutuel wagering. However, we noted reportable conditions related to timely deposits, reporting requirements, and promulgation of rules.

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Noteworthy Accomplishments:

In fiscal year 2001-02, ORC reengineered its entire State licensing system, which issues several thousand occupational licenses annually. ORC's new automated

licensing system provides enhanced collaboration and data sharing with other State commissions and Racing Commissioners International. In addition, the new system provides increased convenience for ORC employees and Michigan licensees. Increased convenience for out-of-State licensees facilitates out-of-State horse entries, thereby enhancing the quality of racing, and promotes in-State wagering and sales of simulcast signals to out-of-State tracks.

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Reportable Conditions:

ORC needs to establish controls to ensure that racetracks deposit State wagering tax revenue in a timely manner (Finding 1).

ORC needs to implement measures to improve licensed racetracks' compliance with required reporting requirements. Also, ORC needs to document the date of receipt for all daily reports submitted by the racetracks. (Finding 2)

ORC, in conjunction with the Department of Agriculture, needs to develop rules for expending State funds to promote horse racing (Finding 3).

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Agency Response:

Our audit report contains 3 findings and 4 corresponding recommendations. ORC's preliminary response indicated that it will comply with all of our recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.state.mi.us/audgen/



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