



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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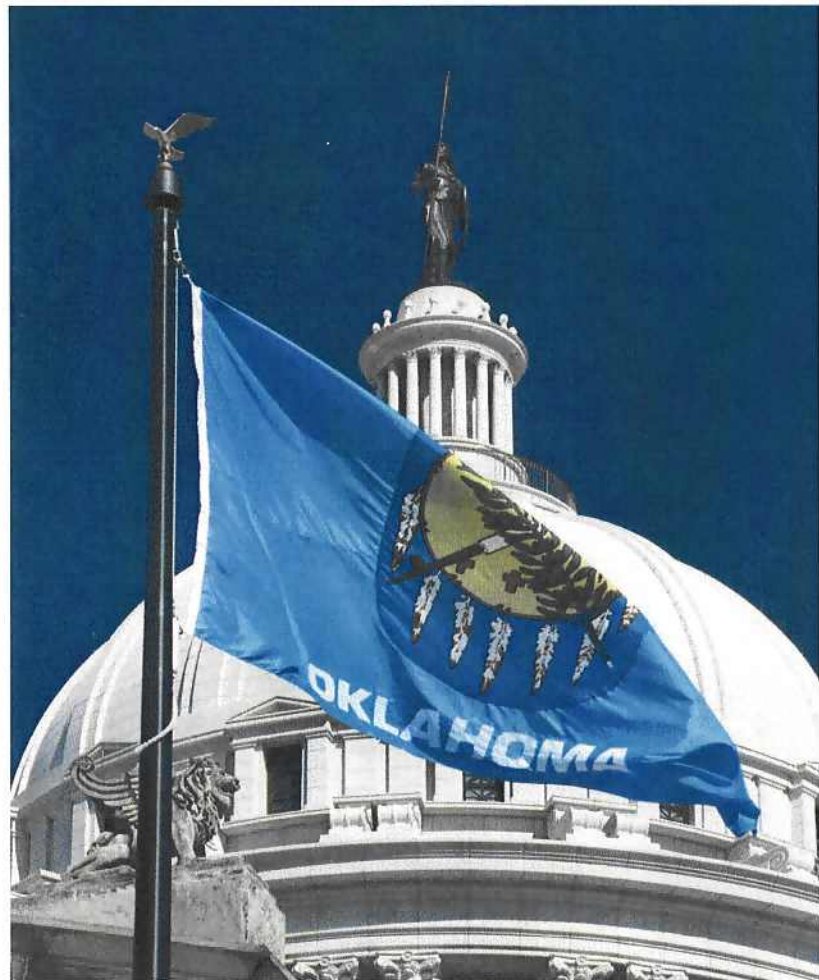
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**OKLAHOMA HORSE RACING
COMMISSION - BREEDING
DEVELOPMENT FUND**

*REPORT ON AGREED-UPON PROCEDURES
JULY 1, 2003 TO JUNE 30, 2005*



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**Oklahoma Horse Racing Commission
Breeding Development Fund**

Agreed-upon Procedures Report

**For the Period
July 1, 2003 to June 30, 2005**



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

July 28, 2006

TO THE OKLAHOMA HORSE RACING COMMISSION

Transmitted herewith is the agreed-upon procedures report for the Oklahoma Horse Racing Commission- Breeding Development Fund. The procedures we performed were conducted pursuant to 3A O.S., § 208.3E.

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation to the agency's staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

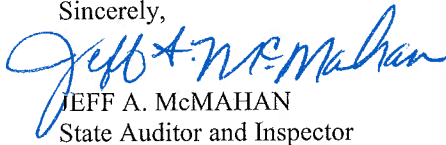

JEFF A. McMAHAN
State Auditor and Inspector

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Mission Statement

The Oklahoma Horse Racing Commission encourages agriculture, the breeding of horses and generates public revenue through forceful control of the highest quality Commission sanctioned racing, which maintains the appearance, as well as the fact of complete honesty and integrity of horse racing in this state.

Board Members

Randy Calvert, Esq. Chair
Roger Cole Vice-Chair
Gene Bledsoe, DC Secretary
Cassie Barkett, Esq. Member
Jim Bowers Member
Patrick Grimmett Member
Dean Spencer, DDS Member

Key Staff

Constantin A. Rieger Executive Director
Robin Helt Fiscal Administration Officer
Phyllis Dean Breeding Fund Claims Supervisor



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by management of the Oklahoma Horse Racing Commission (Commission) solely to assist you in evaluating your internal controls over the Commission's Breeding Development Fund (Fund) receipt and disbursement process and determining whether disbursements are in compliance with 3A O.S., § 208.3.B and 3A O.S., § 208.3B.7. The procedures performed were for the time period July 1, 2003 to June 30, 2005. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We compared the Commission's internal controls over receipts and disbursements of the Fund with the following criteria:
 - Accounting duties were segregated by functions into those who initiate or authorize transactions; those who execute transactions; and those who have responsibility for the asset, liability, expenditure, or revenue resulting from the transaction;
 - Receipts were issued for cash and/or checks received;
 - Incoming checks were restrictively endorsed upon receipt;
 - Receipts not deposited daily were safeguarded;
 - Voided receipts were retained;
 - Receipts and disbursements were reconciled to Office of State Treasurer and Office of State Finance records;
 - Disbursements were supported by an original invoice.

There were no findings as a result of applying the procedures.

2. We randomly selected 20 vouchers from each fiscal year to determine the disbursements of the Fund were for one of the following purposes stated in 3A O.S. § 208.3.B:
 - Purse supplements were paid to owners of Oklahoma-bred horses;
 - Stakes and rewards were paid to the owners of the winning Oklahoma-bred horses in certain horse races;
 - Stallion awards were paid to the owner of the Oklahoma stallion which is the sire of an Oklahoma-bred horse if such a horse wins any race conducted at a race meeting;
 - Breeders awards were paid to the owner of the Oklahoma-registered mare which is the dam of an Oklahoma-bred horse if such a horse wins any race conducted at a race meeting;
 - Monies were paid for equine research through state institutions accredited for the same;
 - Monies were used in marketing, promoting and advertising the Oklahoma-Bred Program and the Oklahoma horse racing industry to the people of Oklahoma, the United State and abroad.

There were no findings as a result of applying the procedures.

3. We identified receipts for fiscal years 2003 and 2004 and compared the receipts to administrative disbursements for fiscal years 2004 and 2005 to determine the Commission utilized no more than ten percent (10%) of the prior year's receipts for administration as required by 3A O.S., § 208.3B.7.

There were no findings as a result of applying the procedures.

4. We inspected all administrative disbursements to determine if they were for the administration of the Fund.

There were no findings as a result of applying the procedures.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the internal controls over the Commission's Breeding Development Fund (Fund) receipt and disbursement process and determining whether disbursements are in compliance with 3A O.S., § 208.3.B and 3A O.S., § 208.3B.7. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Commission and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



JEFF A. McMAHAN
State Auditor and Inspector

July 25, 2006



Office of the State Auditor and Inspector

2300 North Lincoln Boulevard, Room 100
Oklahoma City, Oklahoma 73105-4896
(405) 521-3495

www.sai.state.ok.us