



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE

Montana State Lottery

For the Fiscal Year Ended June 30, 2010

MARCH 2011

10-30A

REPORT SUMMARY

State law requires that a minimum of 45 percent of the money paid for tickets or chances must be paid out as prize money and that net revenue earned must be transferred to the General Fund quarterly. In fiscal year 2010, approximately \$10.6 million was transferred to the General Fund, which was approximately 22 percent of total revenue.

Context

The Montana State Lottery, created by the 1985 Legislature and approved by the Montana electorate in 1986, allows lottery games in which players purchase through a state lottery a chance to win a prize. A five-member Lottery Commission, whose members are appointed by the Governor, has certain powers and duties in law. State law also provides certain powers and duties to a director of the Montana State Lottery who is appointed by the Governor.

This audit is the first audit that the Legislative Auditor has conducted; all other audits since the Montana State Lottery's inception were performed by private CPA firms through contracts with the Legislative Audit Division. The prior audit of the Montana State Lottery did not include any recommendations.

Results

This audit report includes six recommendations to the Montana State Lottery. Five of the six recommendations relate to the Lottery's inadequate control system. The control issues relate to management override of controls for equipment purchases and contracts, contractor information used in financial reporting, prize payouts system, and payments for operating expenses. The other recommendation addresses two situations in which we determined the Lottery is not in compliance with the state law that requires it to record its financial activity on the state accounting system in accordance with generally accepted accounting principles.

Recommendation Concurrence	
Concur	6
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the website at <http://leg.mt.gov/audit>. Report Fraud, Waste, and Abuse to the Legislative Auditor's FRAUD HOTLINE Call toll-free 1-800-222-4446, or e-mail lad@mt.gov.