

MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT Montana State Lottery For the Two Fiscal Years Ended June 30, 2011

MAY 2012

10-30B

REPORT SUMMARY

State law requires that a minimum of 45 percent of the money paid for tickets or chance must be paid out as prize money and that net revenue earned must be transferred to the General Fund. In fiscal year 2011, the Montana State Lottery transferred approximately \$10 million to the General Fund. The three findings in this report focus on improvements needed in the Lottery's control systems.

Context

The Montana State Lottery was approved in November 1986 by a referendum vote by the people of Montana to allow 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 also appointed by the Governor.

This audit is the second audit that the Legislative Auditor has conducted; all others audits since the Montana State Lottery's inception were performed by private CPA firms through contracts with the Legislative Auditor.

The prior audit of the Montana State Lottery included six recommendations to the Montana State Lottery. We found the Lottery fully implemented five and partially implemented one recommendation.

Results

This audit report includes three recommendations to the Montana State Lottery. All three recommendations address areas we identified where the Lottery should improve its control systems related to contract monitoring and financial reporting.

Recommendation Concurrence	
Concur	3
Partially Concur	0
Do Not Concur	0

Source: Agency audit response included in final report.

For a complete copy of the report (10-30B) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>

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