

FINANCIAL AUDIT

Montana State Lottery

For the Two Fiscal Years Ended June 30, 2012

FEBRUARY 2013

12-30

REPORT SUMMARY

State law requires a minimum of 45 percent of the money paid for tickets or chances be paid out as prize money and net revenue earned be transferred to the General Fund. In fiscal year 2012, the Montana State Lottery transferred approximately \$13 million to the General Fund, which is a \$2.2 million increase from the amount transferred in fiscal year 2011.

Context

For the last 25 years, Montana has allowed lottery games in which players purchase a chance to win a prize through the Montana State Lottery. 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 the director of the Montana State Lottery who is also appointed by the Governor.

Section 23-7-410, MCA, states the Legislative Auditor shall conduct or have conducted an annual audit of the Montana State Lottery. This is the third consecutive audit of the Montana State Lottery conducted by the Legislative Auditor; all other audits since the Lottery's inception were performed by private CPA firms through contracts with the Legislative Audit Division. The previous two audits were financial-compliance audits and included six and three recommendations, respectively, to the Montana State Lottery. This audit was a financial audit, which means our work was limited to that necessary to determine if the Montana State Lottery's financial statements are fairly presented for fiscal year 2012, with comparative financial amounts for fiscal year 2011, in conformity with generally accepted

accounting principles and state accounting policy. In addition, we evaluated the three recommendations included in the prior audit.

We determined the Montana State Lottery implemented one recommendation and partially implemented the other two recommendations. The two recommendations that were partially implemented relate to internal controls over financial reporting. We will review and evaluate Lottery's financial reporting controls as part of the next financial-compliance audit of the Lottery.

Results

This audit report does not include any recommendations to the Montana State Lottery.

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

For a complete copy of the report (12-30) 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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