

Good Afternoon



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Supervisor**

Financial Compliance Audit

Montana State Lottery



MONTANA
LOTTERY

Audit Scope

Financial Compliance audit for the two fiscal years ending June 30, 2021.

The previous report contained three recommendations, all of which were implemented.

This report contains one recommendation to the Lottery



The background of the slide features a close-up, slightly blurred image of US dollar bills and several red dice. The bills are scattered across the frame, with some showing the number '100' and the words 'FEDERAL RESERVE NOTE'. The red dice are also visible, adding a sense of chance or risk to the financial theme.

Finding and Recommendation

Sports Bet Montana

- Established in fiscal year 2020
- Fiscal year 2021 was first full year of activity
 - Revenues Collected \$43.2 Million
 - Expenses totaling \$37.7 Million

Gross Gaming Revenue (GGR)

Table 1
Gross Gaming Revenue (GGR)
Fiscal Year 2021

Retail Sales (Bets)	\$43,252,415
Retail Cashes (Payouts)	\$37,793,594
GGR	\$5,458,821
Lottery 60% of GGR	\$3,275,293*
Intralot 40% of GGR	\$2,183,528
Total	\$5,458,821

Source: Compiled by the Legislative Audit Division using the 2021 financial statements.

* Retail Commission 6% of \$3,275,293 = \$196,517.

Sports Bet Transaction Cycle

The issue is related to the final two steps.

A Bet is Placed

A bet is placed using the SportsBet App or a Kiosk

Payouts are Made

Cashes (payouts) are made by the vendors or Lottery (depending on amount)

Sweep of Accounts

Lottery makes weekly sweeps of vendor accounts

Revenue is Recorded

Sports betting revenue is correctly recorded on SABHRS

Gross Gaming Revenue

Monthly GGR is Calculated

Contractor Payment

Intralot invoices Lottery for 40% of GGR

Vendor Expense Recorded

A vendor expense is properly recorded, and a check is issued to pay Intralot.

Vendor Expense Reversed

The vendor expense is **improperly** reversed reducing the expenditure account by the amount of the monthly payment.

Betting Revenue Account Reduced

The sports betting revenue account is then **improperly** reduced by the amount of the monthly payments to Intralot.

Recommendation #1

We recommend the Lottery comply with state law and properly record all sports bet revenue and expenses on the primary accounting records.

The Lottery **concurred** with the
Recommendation



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Questions?