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Office of the Auditor General

Report Summary

Performance Audit

Bureau of State Lottery

Department of Treasury

Report Number:
271-0450-13

Released:
November 2014

The Bureau of State Lottery's mission is to maximize net revenues to supplement State education programs, to provide fun and entertaining games of chance, and to operate all games and Bureau functions with nothing less than total integrity. The Bureau generates revenue by offering draw games, instant ticket games, and pull tab games to the public through approximately 11,000 licensed lottery retailers. The Bureau generated ticket sales of \$2.5 billion and transferred \$734.3 million to the State's School Aid Fund for fiscal year 2012-13.

Audit Objective			Audit Conclusion
Objective 1: To assess the effectiveness of the Bureau's efforts to ensure the integrity of lottery games and operations.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Bureau did not sufficiently identify and investigate lottery retail owners who repurchased winning lottery tickets, likely at a discount (Finding 1).		X	Agrees
The Bureau did not encrypt lottery winners' confidential data transferred to the Department of Treasury for income tax reporting purposes (Finding 2).		X	Agrees

Audit Objective			Audit Conclusion
Objective 2: To assess the effectiveness of the Bureau's efforts to withhold income taxes, outstanding State liabilities, and support arrearages from lottery winners.			Effective
Finding Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Bureau had not analyzed the impact of lowering the thresholds for withholding State income taxes and outstanding debts from lottery prize winning payouts (Finding 3).		X	Agrees

A copy of the full report can be
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<http://audgen.michigan.gov>

Office of the Auditor General
201 N. Washington Square, Sixth Floor
Lansing, Michigan 48913

Doug A. Ringler, C.P.A., C.I.A.
Auditor General

Laura J. Hirst, C.P.A.
Deputy Auditor General