

Agency Name	New Hampshire Lottery Commission
Audit Name	Lottery Commission 2018 Management Letter
Audit Period	FY 2018
Status Report Date	December 24, 2019

Summary of Audit Observations/Findings					
Number	Observation Title	Status			
		Unresolved	Partially Resolved	Substantially Resolved	Fully Resolved
1	<i>Strengthen Contract Monitoring Controls</i>				X
2	Review Use Of Keno Products				X
3	Complete The Development Of The Games Of Chance Information System				X

Observation 1: Strengthen Contract Monitoring Controls

Summary of Finding: The Lottery should strengthen its contract monitoring controls, including controls to more closely monitor expenses claimed by its contractors, to ensure that only valid Lottery contract-related expenses are paid by the contractor and submitted for Lottery reimbursement.

Current Status: The following steps have been put in place and will continue going forward:

- The Lottery has implemented a contract review team that consists of the Marketing Director, Chief Financial Officer, Deputy Director, and the Chief Compliance Officer which meets at a minimum of one per month.
- Management has notified employees of acceptable reimbursable items and how they must be submitted through the State process and include a sign off from either the Executive Director, Deputy Director, or Chief Financial Officer.
- The Advertising vendor has been advised to not make payments directly to employees.

Observation 2: Review Use Of Keno Products

Summary of Finding: The Lottery should review with legal counsel whether the use of Keno lottery proceeds required by RSA 284:47 is in compliance with Part 2, Article 6-b of the State Constitution. If, upon review, the Lottery determines that a conflict exists, the Lottery should request an appropriate statutory revision.

Current Status: The legislature has addressed the concerns raised in the audit observation by proposing the repeal of the 1% contribution of Keno revenues to HHS in HB2 (2019). The repeal has been approved and the process has been revised accordingly.

Observation 3: Complete The Development And Implementation Of The Games Of Chance Information System

Summary of Finding: The Lottery should continue to monitor the completion and implementation of its Games of Chance information system to ensure the Lottery has the information, systems, and controls needed to securely manage its operations, including appropriate reconciliations.

Current Status: The new information system has been developed and is live as of 6/17/19.