
FISCAL UPDATE Article

Fiscal Services Division

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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

AGREED-UPON PROCEDURES REPORT — IOWA LOTTERY AUTHORITY

Auditor's Report. Auditor of State Mary Mosiman released an agreed-upon procedures report on the Lucky for Life game administered by the Iowa Lottery Authority for the period April 1, 2016, through March 31, 2017. Iowa is one of 25 states currently administering the Lucky for Life lottery game. An audit was not completed, as an audit's objective would be to express an opinion on the financial information derived from the Lottery Authority's sales and prize expense for the Lucky for Life game.

Procedures Performed. The following procedures were performed, and all amounts agreed upon:

- A report on draw activity and set prize analysis, as generated by the Game Administrator, was obtained from the Lottery Authority. The Auditor of State reperformed the mathematical calculations within the schedules from the report.
- Five draw dates were selected during the period being examined, and for each draw date, the total amount of sales as shown on the Authority's daily sales report was compared to the total amount of sales shown on the related daily sales report produced by the Lottery Authority's internal control system.
- The total dollar amount of set prizes from five draw dates was recalculated based on the total number of winners from the Authority's gaming system for each prize level and the prize structure of the Lucky for Life set prizes. The recalculated expense was compared with actual set prizes or low-tier prizes for these draw dates.
- The amounts of sales, actual set prizes or actual low-tier prizes, and share of set prizes or allocated low-tier prizes were compared to the amounts shown on the Authority's draw reports for each draw date.
- For each draw during the two months chosen for examination, the Game Administrator's "Expired Prize Allocation" report was compared to the Lottery Authority's gaming system "Unclaimed Prizes" report.
- The total of the actual set prizes or actual low-tier prizes and the total of the share of set prizes or allocated low-tier prizes on the "Draw Activity" report were compared to the applicable amounts shown on the Game Administrator's "Set Prize Analysis" report.
- The cost of second prizes as reported in the "Cost of Top and Second Prize" report was compared to the Authority's "Cash Disbursement Check" report.
- Bid confirmations were reviewed for the annuitized second prize settlement, and a determination was made as to whether the investment was funded in accordance with allowed investment vehicles per the multistate Lucky for Life rules and procedures, and whether the bids and estimates were obtained through a competitive bidding process.
- The total of the transfers from the Authority to the Game Administrator for settlement of the actual set prize liability (as shown in the Authority's disbursement records) was compared to the amounts listed in the "Set Prize Analysis" report.
- The balance listed as the Authority's payable amount as of March 31, 2017, for the actual set prizes or actual lower-tier prize liability as shown on the "Set Prize Analysis" report was compared to the Authority's financial accounting records and to the Lucky for Life draw report.

Report. The full agreed-upon procedures report can be found [here](#).

LSA Staff Contact: Angel A. Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov