

LBA Financial Audit Report Summary:

New Hampshire Sweepstakes Commission Management Letter For the Year Ended June 30, 2001

The New Hampshire Sweepstakes Commission (the Commission) was established in 1964 by Chapter 284:21-a of the New Hampshire Revised Statutes Annotated and became the first modern state-run lottery program to benefit public education. The Commission operates both instant and on-line games for the purpose of funding state aid to education. The Commission is also a member of two joint lottery ventures, the Tri-State Lotto Commission and the Multi-State Lottery Association, and offers the Megabucks and Powerball games among others. The Commission also licenses and taxes charitable organizations which hold Bingo games and the manufacture, distribution and retail sale of Lucky 7 tickets.

We audited the general purpose financial statements of the Commission as of and for the years ended June 30, 2001 and 2000 and issued our unqualified report thereon dated November 30, 2001. A copy of the Commission's comprehensive annual financial report may be obtained from the New Hampshire Sweepstakes Commission, P.O. Box 1208, Concord, New Hampshire, 03301-1208.

This management letter, dated November 30, 2001, a product of the fiscal year 2001 audit of the Commission, describes certain internal control, compliance, and other management matters. The comments are summarized below.

Internal Control Comments

Reportable Conditions

- A Formal Information Technology Policy And Procedures Manual Should Be Developed
- Disaster Recovery Plan Should Be Updated And Tested Periodically
- Review And Monitoring Of Instant Ticket Vendor Agreements Should Be Improved
- Provisions For Unclaimed MUSL Prizes Should Be Made In Determining Unclaimed Prize Liability
- Revolving Fund Reconciliation Should Be Improved

State Compliance Comment

- Information Technology Plan Should Be Submitted Timely

Management Issues Comment

- GASB 34 Implementation Effort Should Be Coordinated With The Bureau of Financial Reporting
- Sweepstakes Employees Should Be Prohibited From Playing Lottery Games
- Tri-State Wind-Up Provisions Should Be Formally Established
- Liquor Commission Incentive Payment Policy Should Be Revised
- Excess Funds Should Be Transferred From Powerball Unreserved Prize Fund
- Prohibition On Future Employment Statute Should Be Updated