



**House
Legislative
Analysis
Section**

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LOTTERY AUDIT SCHEDULE

House Bill 5188 with committee
amendment
First Analysis (3-19-92)

Sponsor: Rep. Richard A. Young
Committee: Appropriations

THE APPARENT PROBLEM:

The current problems with the state budget are well-known and the subject of much attention. As part of the general effort to ensure that state government is as efficient as possible, many programs are being freshly examined for ways in which money can be saved without significant loss of protections or services. During recent discussions on the general government budget, members of the House requested the auditor general to develop recommendations on reducing costs and improving efficiency in auditor general operations. Bills containing several of those recommendations (House Bills 5189 through 5192) have passed the House and are pending in the Senate. Another part of the auditor general's cost reduction recommendations is to reduce the frequency of the required audits of the state lottery.

THE CONTENT OF THE BILL:

The bill would amend the McCauley-Traxler-Law-Bowman-NcNeely Lottery Act to replace a requirement for quarterly audits with one for bi-annual audits.

MCL 432.47

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill would result in a savings for the school aid fund of \$9,000 to \$10,000. (3-18-92)

ARGUMENTS:

For:

The bill would require bi-annual audits of the state lottery, rather than quarterly audits. Although the lottery is a very large and visible operation, and thus merits frequent audits, it is not necessary to monitor it more closely than major tax collection and

investment operations which are larger and more risky. Relaxing the schedule of required audits of the lottery would enable the auditor general to make better use of limited resources.

Response:

As originally introduced, the bill would have allowed for annual audits of the lottery, rather than bi-annual audits, resulting in twice as much cost savings for the school aid fund. No other entity in state government is audited more than annually, and the auditor general believes that annual audits of the lottery would be sufficient.

POSITIONS:

The Office of the Auditor General supports the bill, but would prefer that it require an annual audit of the lottery rather than a bi-annual audit. (3-18-92)

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