



# OFFICE OF THE STATE AUDITOR



## FOR IMMEDIATE RELEASE

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### MORE THAN LUCK AT PLAY AT COLORADO LOTTERY

DENVER—the Office of the State Auditor (OSA) has released a performance audit of Colorado Lottery (Lottery) and has found that it does not have sufficient processes to identify and investigate unusual winning patterns or prevent restricted players from claiming prizes.

Lottery was created in 1980 and is governed by a five-member commission headquartered in Pueblo. Beneficiaries of its proceeds include Great Outdoors Colorado, the Conservation Trust Fund, the Division of Parks and Wildlife, and the Public School Capital Construction Assistance Fund. 68 percent of Lottery's sales are from scratch games. 32 percent are from the three multi-state and three in-state jackpot games. In Fiscal Year 2017, Lottery generated \$555.3 million in ticket sales that resulted in \$133.5 million going to beneficiaries.

However, when auditors analyzed Lottery's data, they found some unusual winning patterns among individuals and one licensed lottery retailer. One individual won \$600 or more from the Pick 3 game 47 times over a 3-year period. One individual won \$600 or more from the Pick 3 game 20

times over a 9-month period. One individual won \$600 or more from the Pick 3 game 24 times over a 3-year period, and purchased all of those tickets

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from the store they owned. One individual won the top prize for the Cash 5 game 12 times in the same drawing.

Additionally, Lottery has a restricted player database that is supposed to prevent certain individuals from participating in games, such as employees, but auditors found that it was not updated in a timely fashion and was missing six employees and two commissioners.

Separately, although Lottery does effectively intercept winning claims for victim's restitution, Lottery does not have the authority to intercept other court costs which would have amounted to \$123,000 between January 2015 and December 2017.

The audit makes 3 recommendations.

The full report is available @ [www.colorado.gov/auditor](http://www.colorado.gov/auditor).

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.