

**2014-9-11 HINooN Resolution:  
Request for Internal Compliance Audit  
of  
Oregon State Lottery**

***Resolved,*** The members of the Hayden Island Neighborhood Network (aka HINooN), a recognized neighborhood association in the City of Portland, State of Oregon, request the Oregon Secretary of State conduct an internal compliance audit of the Oregon State Lottery (OSL), with consequences, to insure the OSL is in compliance with the Constitution of the State of Oregon and applicable Oregon Administrative Rules and Regulations and to insure that the citizens of the State of Oregon are receiving the correct, appropriate, amount of revenue from the OSL in accordance with the Constitution of the State of Oregon and applicable Oregon Administrative Rules and Regulations. (Resolution)

***Whereas,*** A Comprehensive Annual Financial Report of the Oregon State Lottery For the Fiscal Year Ended June 30, 2013 was submitted to the Citizens of the State of Oregon and Governor Kitzhaber; and

***Whereas,*** In an accompanying letter to Governor Kitzhaber and OSL Commission Chair, Ms. Dozono, Secretary of State Kate Brown states in a **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**, that the Oregon Audits Division "...performed tests of OSL compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts."; and,

***Whereas,*** There is no mention of what "...certain provisions of laws, regulations, contracts, and grant agreements..." were tested by the Oregon Audits Division; and,

***Whereas,*** In that same letter, the Secretary of State reports, "...However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion." and,

***Whereas,*** Issuing a report addressed to the Citizens of Oregon, and the Governor of Oregon, expressing no opinion on provisions that were not an objective of the Oregon Audits Division leaves the Citizens of Oregon with unanswered questions regarding a nontransparent financial report on the internal control and compliance of the OSL; and,

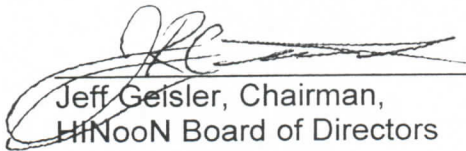
**Whereas,** Former OSL Direct Larry Niswender stated 12/12/2012 at a HINooN Association meeting, that Video Lottery retailers "self report" their establishment's non-lottery gross sales on an unaudited, OSL Gross Sales Report; and,

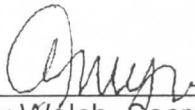
**Whereas,** There is no evidence the Office of The Secretary of State audited the licensee's self-reporting of non-lottery gross sales; and,

**Whereas,** Those self-reported, unaudited, figures are inserted in a formula to confirm that such Video Retailer establishments are not operating as casinos and are in accordance with the Constitution of the State of Oregon; therefore,

**Resolved,** The members of the Hayden Island Neighborhood Network (aka HINooN), a recognized neighborhood association in the City of Portland, State of Oregon, request the Oregon Secretary of State conduct an internal compliance audit of the Oregon State Lottery (OSL), with consequences, to insure the OSL is in compliance with the Constitution of the State of Oregon and applicable Oregon Administrative Rules and Regulations and to insure that the citizens of the State of Oregon are receiving the correct, appropriate, amount of revenue from the OSL in accordance with the Constitution of the State of Oregon and applicable Oregon Administrative Rules and Regulations. (Resolution)

Approved, Sept 11, 2014  
Date

  
\_\_\_\_\_  
Jeff Geisler, Chairman,  
HINooN Board of Directors

  
\_\_\_\_\_  
Amy Welch, Secretary,  
HINooN Board of Directors

Request for Audit - Submitted by: Martin G. Slapikas, Vice Chair, HINooN  
Charles A. Kuffner, Director, HINooN