



25 February 2019

Felix Lee

By email: fyi-request-8178-0c878d18@requests.fyi.org.nz

Dear Mr Lee

In an email last year, you asked us: *“Can I please request information on how the scruteneering of the weekly Lotto draw is carried out? Ideally if there is an instruction manual or similar can you please provide a copy, otherwise please describe the steps that are carried out. Thank you very much for your help.”*

As noted in our previous email, the Auditor-General is not subject to the Official Information Act 1982. Instead, the Auditor-General has the discretion to disclose information under section 30 of the Public Audit Act 2001. We have considered your request under that provision.

We apologise for the length of time it has taken to respond to your request. We had to seek the relevant information from Audit New Zealand, who in turn consulted with the Lotteries Commission.

Statutory role of the Auditor-General relating to Lotto draws

The Auditor-General's role in relation to Lotto draws is set out in sections 249 and 251 of the Gambling Act 2003.

Under section 249, the Secretary for Internal Affairs and the Auditor-General must exercise the scrutiny that they determine necessary:

- to ensure the security and proper operation of the equipment, processes, and procedures used in connection with a Lotto draw; and
- over the drawing and accuracy of the official results of Lotto draws.

Under section 251, the Lotteries Commission, the Department of Internal Affairs, and the Auditor-General must agree on procedures for verifying the results of any Lotto draw. Such procedures are carried out immediately after the draw, by the Lotteries Commission.

How Audit New Zealand carries out its role under the Gambling Act

Audit New Zealand carries out the Auditor-General's Gambling Act role of his behalf. Audit New Zealand also conducts the annual audit of the Lotteries Commission (which is a public entity), but the Gambling Act work is undertaken as a separate engagement to the annual audit.

As part of the agreed procedures, all draw equipment is secured and dual control is enforced. “Dual control” means that a representative from each of the Lotteries Commission and Audit New Zealand is required to complete certain processes.

For each Lotto draw, one of two ball-drawing machines is used to select, at random, the winning numbers. These machines and the Lotto balls are kept in sealed, double-locked security cabinets. Audit New Zealand check that the cabinet seal is intact before a draw machine or balls are used, in order to confirm that the machines and balls have not been tampered with.

Audit New Zealand staff also oversee the Lotteries Commission staff washing and weighing each set of balls. This washing and weighing is done on a regular basis to confirm that all the balls are identical.

In addition, Audit New Zealand oversees testing of draw equipment prior to each Lotto draw to ensure it is operating properly. To do this, Audit New Zealand staff watch Lotteries Commission staff conduct an initial test as well as a number of rehearsals. Finally, Audit New Zealand representatives are present for, and watch, the Lotto draw itself.

Other key steps that Audit New Zealand takes include:

- verifying that ticket sales for each draw have closed prior to that Lotto draw; and
- confirming the numbers drawn are correctly recorded on the Official Results Certificate and accurately entered into the gaming system.

Our apologies again for the delay in responding to your request for information.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Linda Edwards', written in a cursive style.

Linda Edwards
Solicitor