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### INTRODUCTION

1. Lotteries played in Canada are of two types: On-line lottery games which let the player pick a number combination for example Lotto 6/49 and Lotto Max; and Off-line lottery tickets such as scratch tickets, break-opens and passive or traditional games with pre-printed tickets. On-line and Off-line tickets are available in all provinces, though the specific names will vary because lotteries are under provincial jurisdiction. Procedures and controls are imposed by each provincial lottery corporation.
2. This chapter defines the minimum requirement for accounting and control of lottery tickets. For CANEX outlets, detailed procedures are outlined in the CANEX Standard Operating Procedures (SOPs) for Cash Handling and in CANEX SOPs for Clerk/Cashier Point of Sale (POS) Transactions.

### GENERAL

3. Lottery tickets shall be considered equivalent to cash for security purposes. Managers are to ensure that appropriate secure facilities are made available to all outlets that sell lottery tickets. Refer to Chapter 7 (Security of Non-Public Funds) for details on securing cash and cash equivalents.
4. Sales of lottery tickets shall be accounted for as sales within Department 20-1 for On-line lottery and Department 20-2 for all Off-line lottery tickets.
5. Any lottery overage/shortage shall be handled as a cash overage/shortage.
6. Redemption of winning tickets shall be accounted for as Accounts Receivable and cleared with the next invoice. Note that the reduction of cash caused by redemptions is not to effect a reduction in sales on the Daily Sales Report (DSR).
7. While the commission on lottery ticket sales is the gross profit from the sales, for some on-line lotteries, the commission for tickets sold cannot be distinguished from the vendor commission received for redemptions. In these cases, the difference between the sale of the lottery ticket and purchase cost becomes the gross profit. Otherwise, the commission received for redemptions (encashment fees) is to be accounted for separately through a "Commission Lotto" account.
8. The regional Lottery Commissions are authorized to withdraw the invoice balance from a CFCF bank account via Electronic Funds Transfer (EFT). These transfers occur once or twice a week depending on the specific invoicing procedures of the lottery commission. The National Fixed Asset and Treasury Office (NFATO) transfers these payments to a Lottery control GL account. The National Accounts Payable Office (NAPO) then transfers these payments from the GL account using the bank statement to the respective Lottery Supplier account where the payments are reconciled against the invoices that the local accounting offices receive from CANEX and enters into ABACIS. The National Accounts Receivable Office (NARO) reviews the lottery receivable accounts. NAPO is responsible for authorizing and monitoring all EFT agreements. NARO is responsible for creating all bank accounts used by NPP activities. Therefore, no bank account or EFT agreements shall be made without the involvement of these two offices.

9. CANEX policy requires lottery tickets be reconciled daily and a reconciliation report completed weekly. CANEX can compare these ticket reconciliations to the SMS system at any time and stocktakings on lottery operations shall be conducted at a minimum quarterly or at any shorter interval directed by CANEX HQ.

## RESPONSIBILITIES OF SELLING PERSONNEL

### ON-LINE TICKET SALES CONTROL

10. On-line tickets for games such as Lotto 6/49, Lotto Max, Keno and numbers games are purchased through a network of computer terminals located at retail operations not only at CANEX but also at other NPP outlets. The terminals are linked to a central computer that records the wagers. On-line ticket sales are then coded to department 20-1 on the Point of Sale (POS) System.
11. Whenever a winning ticket is validated but not redeemed there are no accounting entries required (i.e. the amount won is over the vendors redemption limit), the staff shall assist the winner in completing the claim as instructed by the provincial lottery corporation.
12. All retailers shall comply with all procedures outlined by the provincial lottery corporations (for example, ensure all tickets are signed prior to redemption and lottery terminal display screen is visible to customers, etc).

### OFF-LINE TICKET SALES CONTROL

13. Off-line ticket sales such as scratch, break-open, and other pre-printed tickets are coded to department 20-2 on the POS System. Activated off-line tickets are considered equivalent to cash and must be kept in a secure location at all times (non-activated tickets can't be sold or be validated/eligible for a prize until activated). Refer to Chapter 7 (Security of Non-Public Funds) for details on securing cash and cash equivalents.
14. All redemptions must be entered into the POS System - when a customer wishes to take a ticket(s) in place of cash redemption (cash), the winning ticket(s) must be recorded as a redemption, and the subsequent ticket(s) issued recorded as a sale in the POS System.
15. Mini lotteries, available in some provinces, are unique in that envelopes that include several tickets are sold to the vendor. These tickets can't be sold on an individual basis as, when the envelope is opened, the numbers on all of the tickets are exposed - thus the envelope must remain sealed and sold with all the tickets therein to customers as one item.
16. Since all winning ticket stubs (cash or free ticket prizes) will be replaced for credit on the next purchase of tickets, they are to be considered cash vouchers and safeguarded as such.
17. At the end of each working day, the NPP Lottery Reconciliation Form (LRF) (see [Annex A](#)) is completed and submitted with the documentation outlined in paragraph 18 to the NPPAM. (For CANEX procedures shall be in accordance with the CANEX SOPs for Cash Handling). All off-line lottery tickets must be reconciled before the outlet DSR is completed.
18. A Lottery Daily Sales Report (LDSR) is run from the lottery terminal (if for some reason the report is not run at close of business the previous day it can be run in the morning prior to opening for business). This report shall be reconciled to departments 20-1 and 20-2 on the Department Sales with GL report from the POS System and both reports shall be submitted daily to the NPPAM as supporting documentation to the DSR along with a copy of the LRF as outlined at paragraph 17 above.
19. Voids are reflected on the LDSR. All individual void slips obtained from the terminal shall be attached to the report. Note that there are no refunds on tickets. A ticket is cancelled/voided.
20. Invoices shall be obtained from the lottery terminal on a weekly basis or more frequently if required by the provincial lottery corporation. This shall be done prior to opening for

business on that particular day. Invoices shall be submitted to NPPAM without delay.

## RESPONSIBILITIES OF THE NPPAM

21. On a daily basis, the NPPAM shall:
  - a. verify that the void documentation (i.e. void slips) have been submitted and agree with the totals on the LDSR;
  - b. verify that the information on LDSR agrees to department 20-1 and 20-2 on the Department Sales with GL report/DSR;
  - c. record daily on-line lottery sales in Department 20-1 and the amount of on-line redemptions from the LDSR as a debit to the account "Accounts Receivable - On-Line Lottery"; and
  - d. record daily off-line lottery sales in Department 20-2 and the amount of off-line redemptions from the LDSR as a debit to the account called Accounts Receivable - Off-Line Lottery.
22. When an invoice is submitted, the NPPAM shall ensure that:
  - a. the outstanding balance equals zero and if not, liaise with the outlet manager to initiate investigative/corrective action; and
  - b. any adjustments if applicable are valid and reconcilable.

**NOTE:** For the Lotto Max lottery game, prizes of free tickets are awarded through the 6/49 terminal along with 6/49 free tickets. Prizes of free tickets for Lotto Max and 6/49 are transacted by the lottery commissions as both redemption and sale and must be recorded as such in the SMS/POS System.

[Annex A - NPP Lottery Reconciliation Form](#)