

RICK SCOTT
Governor



TOM DELACENSERIE
Interim Secretary

March 16, 2017

Melinda Miguel
Chief Inspector General
The Capitol
Tallahassee, FL 32399-0001

Dear Chief Inspector General Miguel:

Section 20.055(6)(h), Florida Statutes, requires the Inspector General to monitor the implementation of the agency's response to any report on the Florida Lottery issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability. The referenced statute further requires that no later than six months after the report is published, the Inspector General must provide a written response on the status of actions taken. The purpose of this letter is to provide updated information on the agency's response to Auditor General findings and fulfill these requirements.

The Auditor General released Report 2017-019, *Selected Administrative Activities and Prior Audit Follow-Up*, on September 16, 2016. The attachment details each audit finding and recommendation with the current progress of Lottery staff to address each recommendation.

If you require additional information in these matters, please feel free to contact me at your earliest convenience at (850) 487-7726.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Mompeller".

Andy Mompeller
Inspector General

cc: Joint Legislative Auditing Committee

**Florida Lottery
Six-Month Status Report for Auditor General
Selected Administrative Activities and Prior Audit Follow-Up
Report #2017-019 Issued: September 16, 2016
Status as of March 16, 2017**

Finding	Recommendation(s)	Management Response as of September 16, 2016	Management Response as of March 16, 2017	Anticipated Completion Date & Contact
<p>Department records did not always evidence that the Department reviewed the State's listing of convicted vendors prior to contracting with vendors.</p>	<p>We recommend that Department management continue efforts to establish written policies and procedures and a checklist for the contract procurement process and ensure that Department records evidence that the State's convicted vendor list has been timely reviewed during the procurement process.</p>	<p>The Lottery will continue to verify, during the procurement process, vendors submitting responses are not on the convicted vendor list. Additionally, the Lottery will continue to verify, prior to executing a contract or lease, that the selected vendor/Lessor is not on the convicted vendor list. Documentation evidencing the Lottery's review will be included in the procurement or contract administration file, as applicable. The Lottery will continue efforts to establish written policies, procedures, and/or checklists for the Contract Administration and Contract Management processes.</p>	<p>The <i>Contract Document Review Checklist</i> was updated to include the statutorily required review of the "Convicted Vendor List." This checklist is used internally within Contract Administration and will be constantly updated to reflect statutory reference changes, changes in Lottery protocols, and other relevant information.</p>	<p>Completed March 8, 2017 Summer Silvestri</p>
<p>Department records did not always evidence that all individuals involved in the contract award process were independent of, and had no conflicts of interest related to, responding vendors.</p>	<p>We recommend that Department management ensure that documentation is maintained to demonstrate that all individuals involved in the contract evaluation or award process are independent of, and have no conflicts of interest related to, responding vendors.</p>	<p>The Lottery will continue to ensure and document that individuals involved in the development or selection of criteria for evaluation, the evaluation process, and/or the award process are independent of and have no conflict of interest in any of the entities evaluated or selected.</p>	<p><i>The Attestation of No Conflict of Interest</i> form is consistently being executed and included in each applicable procurement and/or contract file.</p>	<p>Completed September 16, 2016 Summer Silvestri</p>

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<p>As similarly noted in our report No. 2014-198, the Department did not always ensure that tangible personal property records were accurate.</p>	<p>We again recommend that Department management enhance tangible personal property controls to ensure that Department property records are accurately maintained.</p>	<p>We concur with the recommendation. Affected property records have been corrected and measures have been taken to ensure records are accurately maintained going forward.</p>	<p>Controls have been enhanced to include management review(s), verifying that changes made to property records are consistent with automated electronic scan inventory reports retrieved following physical inventory. In addition, a signature is obtained from each property custodian, evidencing their review and approval of their assigned inventory listing noted on the inventory scan report(s).</p>	<p>Implemented January 2017 Summer Silvestri</p>
<p>Department controls continue to need improvement to ensure that all property items of a sensitive and attractive nature are properly recorded and accounted for in Department property and financial records.</p>	<p>We recommend that Department management enhance policies and procedures to ensure that all sensitive and attractive property items are appropriately recorded and accounted for in Department property and financial records.</p>	<p>The Lottery will continue to assess its policies and procedures, regarding sensitive and attractive items, to ensure it supports the intent and risk of recording such items, as guided by DFS, so that items are appropriately recorded and accounted for.</p>	<p>In January 2017, the Division of Procurement Management and the Division of Financial Accounting worked together to determine the best (and most accurate) way to record sensitive/attractive property items in the Property Master File (i.e. acquisition cost or at \$0.01). Procedures have been updated to ensure sensitive/attractive items will be appropriately expensed and recorded at \$0.01 in the Property Master File, consistent with financial records.</p>	<p>Completed January 31, 2017 Summer Silvestri</p>

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<p>As similarly noted in prior audit reports, most recently in our report No. 2014-198, the Department should continue efforts to ensure the full implementation of the Business Lottery Accounting System so that all applicable cost data can be tracked for each game and summarized for use in post-game analyses and planning future games.</p>	<p>We recommend that Department management continue efforts to ensure the full implementation of BLAST to facilitate the tracking and summarization of game cost data for use in post-game analyses and planning future games.</p>	<p>We concur with the recommendation. As of July 2016, BLAST had been placed into parallel process testing. We will continue efforts to ensure the full implementation of BLAST to facilitate the tracking and summarization of game cost data for use in post-game analyses and planning future games.</p>	<p>As of March 2017, we are working to conclude the final module of BLAST necessary to accomplish this task.</p>	<p>September 30, 2017 Gina Ballard</p>