

RICK SCOTT
Governor



CYNTHIA F. O'CONNELL
Secretary

FLORIDA LOTTERY

July 25, 2013

Cynthia O'Connell
Florida Lottery Secretary
250 Marriott Drive
Tallahassee, FL 32301

Re: OPPAGA Report No. 13-02, Lottery Revenue Has Increased Over the Past Year;
Options Remain to Enhance Transfers

Dear Secretary O'Connell:

Section 20.055(5)(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 the Office of Program Policy Analysis and Government Accountability findings and fulfill these requirements.

In January 2013, the Office of Program Policy Analysis and Government Accountability released its report No. 13-02 titled *Lottery Revenue Has Increased Over the Past Year; Options Remain to Enhance Transfers*. The report outlined one recommendation. The following details the recommendation and the current progress of Lottery staff to address the recommendation:

1) Department Options

Recommendation: We recommend that the Department of the Lottery continue efforts to expand the retailer network and conduct a cost-benefit analysis of retailer recruitment efforts, as currently planned, at the end of Fiscal Year 2012-13. The department should also annually update the analysis and use the resulting data to evaluate the cost efficiency of recruitment activities, adjust these efforts as needed, and plan future activities.

Status of Recommendation: The Lottery has changed its plan and no longer intends to do a cost-benefit analysis of recruiting methods. This is due to a shift in the focus of

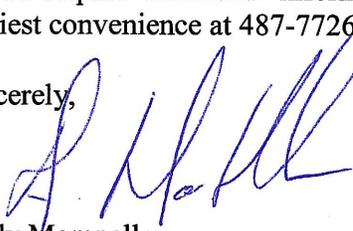


Cynthia O'Connell
Florida Lottery Secretary
Status on OPPAGA Recommendations
July 25, 2013

retailer recruitment with an emphasis on growth through adding new corporate chains to the retailer network by the Lottery's corporate sales team. At the same time the Lottery continues to actively recruit independent retailers at the District level through the Lottery's sales representatives who pursue website "leads" and make new account "cold calls" while traveling their sales territories. Finally, the Lottery is participating in the One Stop Registration project, which is expected to bring Lottery to the attention of new businesses at start-up and will provide a simplified route to becoming a Lottery retailer.

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

Sincerely,



Andy Mompeller
Inspector General

Cc: Kathy DuBose, Coordinator, Joint Legislative Auditing Committee