

RICK SCOTT  
Governor



CYNTHIA F. O'CONNELL  
Secretary

June 19, 2015

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

Re: Auditor General Report No. 2015-092, Department of the Lottery Financial Audit  
For the Fiscal Years Ended June 30, 2014, and 2013.

Dear Chief Inspector General Miguel:

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 Auditor General findings and fulfill these requirements.

In January 2015, the Auditor General released its report No. 2015-092 titled Department of the Lottery Financial Audit for the Fiscal Years Ended June 30, 2014, and 2013. The report outlined two audit findings. The following details each audit finding and recommendation with the current progress of Lottery staff to address each recommendation:

1) Information Technology Controls

*Finding No. 1: During our audit, we identified the need for enhancements to the Lottery's information technology (IT) control practices. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Lottery information. However, the appropriate Lottery personnel have been notified of these issues.*

*Recommendation 1: We recommend that Lottery management make the necessary IT control enhancements to address the issues identified.*

**Management's Status of Corrective Actions:** Corrective actions have been implemented on all of the confidential findings and recommendations connected with Auditor General Report No. 2015-092.

2) Minority Retailer Participation

*Finding No. 2: Section 24.113, Florida Statutes, requires that 15 percent of the Lottery's retailers be minority business enterprises, as defined in Section 288.703(3), Florida Statutes; however, no more than 35 percent of such retailers shall be owned by the same type of minority person, as defined by Section 288.703(4), Florida Statutes. Our audit disclosed that as of July 1, 2014, retailers comprising one minority type totaled 66 percent of the total number of minority retailers. A similar finding has been included in prior reports.*

*Recommendation 2: We recommend that the Lottery continue its efforts to increase retailer participation in under-represented minority groups.*

**Management's Status of Corrective Actions:**

**On-Going Actions**

- Using our website to allow interested parties to learn how to become a Florida Lottery retailer or request a personal visit by a Lottery sales representative.
- Cold calling efforts by our sales representative while covering their assigned territories.
- Membership in organizations like the Florida Petroleum Marketers Assn. and the Florida Retail Federation including active participation in their sponsored retailer trade shows and publication to try to recruit interested minority retailers (it should be noted the Asian American Convenience Store Association, which held separate trade shows we attended recently merged with Florida Petroleum Marketers).
- Purchasing "advertorials" in minority and general market magazines.

**Future Actions (anticipated completion date 12/31/15)**

- Considering advertised "open houses" at our nine District Offices for minority retailers for the purpose of having prospective minority retailers attend an informative meeting held at the District Office nearest them to find out how to become a Florida Lottery retailer, listen to the advantages of selling Lottery products, see Lottery retailer equipment, and ask questions.
- Work with our gaming vendor IGT (formerly known as GTECH) to help us identify non-Lottery retailers/ trade styles including minority retailers for prospecting.

Our efforts to recruit and expand under-represented minority groups continue although the level of participation continues to decline. (From July 2014 through April 2015, a

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total of 22 African American businesses sold Florida Lottery products. During that period, one supermarket closed, two convenience stores were terminated for contractual financial difficulties, and another sold the business).

We agree with the recommendation and will continue to aggressively pursue retailer participation in under-represented minority groups.

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

Sincerely,



Andy Mompeller  
Inspector General

cc: Cynthia O'Connell, Florida Lottery Secretary  
Kathy DuBose, Coordinator, Joint Legislative Auditing Committee