

RON DESANTIS
Governor



250 MARRIOTT DRIVE
TALLAHASSEE, FLORIDA 32301

February 3, 2020

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. 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 2020-011, *Advertising and Sponsorship and Selected Administrative Activities*, on August 9, 2019. 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
Operational Audit – Advertising and Sponsorship
Report #2020-011 Issued: August 9, 2019
Status as of February 3, 2020

Finding	Recommendation(s)	Management Response as of August 9, 2019	Management Response as of February 3, 2020	Anticipated Completion Date
<p>Department records did not always evidence adequate monitoring of advertising agency contracts.</p>	<p>We recommend that Department management establish standard contract monitoring tools to ensure that advertising agency contract monitoring activities are appropriately performed and documented in Department records.</p>	<p>We had a leadership change in Brand Management in December 2017. Since this change, the team has implemented a robust and comprehensive contract monitoring plan to ensure desired service outcomes are being achieved and any problems identified are being resolved and corrected in a timely manner. It's worth noting that Brand Management completed a Contract Management Review, conducted by DFS in February 2019. This review evaluated the Department's contract deliverables monitoring processes and selected contracts. The review focused on the Department's monitoring of its advertising agreement with PP+K, Inc., during the period January 1, 2018 through March 31, 2019. The review found that the Department successfully developed monitoring processes that provide assurances that the advertising services obtained under the PP+K agreement are being provided consistent with the ITN's deliverables and the agreed-upon terms for the program execution, production, media delivery, etc.</p>	<p>No further update</p>	<p>Complete</p>
<p>Department procedures for reconciling advertising agency subcontractor payments to vendor payment history records need improvement.</p>	<p>We recommend that Department management enhance advertising agency payment report reconciliation procedures to ensure that Department records evidence that reconciliations are complete, accurate, timely, subject to supervisory review, and noted differences are appropriately resolved.</p>	<p>We concur with your recommendation, and General Accounting has enhanced procedures to include a step to ensure the vendor provides confirmation that subcontractor payments are made timely. The subsequent clearing of these payments is verified as well. A requirement has also been added to the procedures for all reconciliations to be completed within 30 days of the end of the month. These reconciliations are then reviewed and approved by the Financial Transactions Supervisor and/or Director of Accounting.</p>	<p>No further update</p>	<p>Complete</p>

Florida Lottery
Six-Month Status Report for Auditor General
Operational Audit – Advertising and Sponsorship
Report #2020-011 Issued: August 9, 2019
Status as of February 3, 2020

Finding	Recommendation(s)	Management Response as of August 9, 2019	Management Response as of February 3, 2020	Anticipated Completion Date
<p>Department invoice payment controls need enhancement to ensure that sponsorship agreement payments are made in accordance with contract terms and conditions.</p>	<p>We recommend that Department management enhance invoice payment controls to ensure that sponsorship agreement payments are made in accordance with contract terms and conditions.</p>	<p>In January 2018, we instituted a new process for monitoring all sponsorship agreements and contracts, which includes a monitoring document and proof of performance checklist that is provided as backup when invoices are routed for payment. The monitoring document outlines every single deliverable and for each deliverable, a description, completion date, how we verified the deliverable was achieved, a link to the content/deliverable, and any notes. If any deliverable deviates from the agreement terms, said deviation is noted with an explanation for how it is (or will be) resolved. The Proof of Performance checklist is used at the end of a partnership in tandem with the monitoring document to ensure accurate payment is invoiced.</p>	<p>No further update</p>	<p>Complete</p>
<p>The Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.</p>	<p>We recommend that Department management promptly cancel purchasing cards upon a cardholder's separation from Department employment.</p>	<p>In fiscal year 2018-19, additional controls were implemented in General Accounting and Human Resources (HR) to ensure purchasing cards are timely deactivated upon separation of a cardholder's employment from the department. When an employee separates from the Lottery, HR sends out a notification of separation to the DL-Separations Group and their backup staff in accordance with HR internal operating procedures. This notification contains instruction for the primary custodian to complete a checklist once the removal of access has been completed. The DL-Separations Group is responsible for removal of access and account closure. General Accounting has identified a primary and secondary coordinator to the DL-Separations Group and responds to HR when the separation activities have been completed. Also, since the notifications from HR often have future effective dates, General Accounting has created a log to track the termination dates of employees leaving the agency who have a PCard. This additional control has proven very useful in ensuring that cards are timely deactivated.</p>	<p>No further update</p>	<p>Complete</p>