

CHARLIE CRIST  
Governor



LEO DIBENIGNO  
Secretary

## FLORIDA LOTTERY

July 10, 2008

Mr. Leo DiBenigno  
Florida Lottery Secretary  
250 Marriott Drive  
Tallahassee, FL 32301

Dear Secretary DiBenigno,

Section 20.055(5)(g), 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 findings are published, the Inspector General must provide a written response of 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 2008, the Auditor General released its report titled *Financial Audit of the State of Florida Department of the Lottery for the Fiscal Year Ended June 30, 2007*. The report outlined three primary findings. The following details each finding and the current progress of Lottery staff to address each finding:

1) Information Technology Controls

The Auditor General noted multiple Information Technology control process enhancements that would further protect Lottery equipment and information.

Response Status: Information Technology staff have resolved multiple control concerns and are actively taking steps to strengthen remaining controls noted by the Auditor General where possible, practical, and financially feasible.

2) Marketing and Research Support Funds

The On-line and Scratch-Off ticket vendors are contractually required to make deposits into marketing and research funds. The Auditor General recommended that the Lottery amend the Scratch-Off vendor contract to specify ownership of each fund. In lieu of renegotiating with the On-Line vendor, the Auditor General recommended that the Lottery continue to closely monitor the funds.



Response Status: The Lottery is anticipating executing a new contract with the Scratch-Off vendor during the month of July. The new contract will include a stipulation that the vendor will make a payment in full to the Lottery for the balance, if any, of the marketing and research support funds at the conclusion of the contract period. The Lottery has continued to closely monitor the marketing and research funds for the On-Line vendor contract.

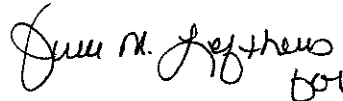
3) Minority Retailer Participation

Section 24.113, Florida Statutes, requires that 15 percent of the Lottery's retailers shall be minority business enterprises; however, no more than 35 percent of such retailers shall be owned by the same type of minority person. The Auditor General noted that a single minority type represented 62 percent of the total number of minority retailers and recommended the Lottery take steps to resolve the issue.

Response Status: Lottery management indicated that minority retailers from underrepresented categories are being actively sought out and recruited through various methods, including recruitment seminars and listings in local publications. Additionally, steps were taken in the legislative process to remove the 35 percent "ceiling" for minority business owners; however, the attempt was unsuccessful as the 2008 Legislative Session concluded without fully addressing the Lottery proposal. Legislative Affairs staff indicated that they are prepared to make another attempt with the proposed legislation in 2009.

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

Sincerely,

Handwritten signature of Andy Mompeller in cursive, with the initials 'AM' written below the signature.

Andy Mompeller  
Inspector General

cc. Terry L. Shoffstall, Director  
Legislative Auditing Committee