

CHARLIE CRIST  
Governor



LEO DIBENIGNO  
Secretary

## FLORIDA LOTTERY

July 29, 2010

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

Dear Secretary DiBenigno,

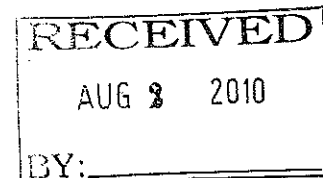
Section 20.055(5)(g), Florida Statutes, requires the Inspector General to monitor the implementation of the agency's response to any report on the Florida Lottery issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability. The referenced statute further requires 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 2010, 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, 2009*. The report outlined four audit findings. The following details each finding and the current progress of Lottery staff to address each finding:

1) Information Technology Controls

*Audit Finding: The Lottery should make necessary enhancements to its IT control practices to address the issues identified.*

Status of Corrective Action: The Auditor General's report contained 16 findings, 8 of which have been determined to have been fully addressed by Lottery managers and 8 have either been partially addressed and/or are in process of being addressed. Based on this assessment, it has been determined that Lottery management had made considerable progress towards resolution of deficiencies noted by the Auditor General.



2) Electronic Funds Transfer of Annual Prize Payments

*Audit Finding: The Lottery pays the prizewinners of various games through a deferred payment (annuity) option rather than a single lump sum payment. Our review disclosed that controls over related electronic funds transfer payments could be improved.*

Status of Corrective Action: The department has updated its policies and procedures to document the utilization of the agreed upon procedures that had been previously implemented.

3) Monthly Reports

*Audit Finding: In accordance with F.S. 24.105(4), the Lottery issues monthly reports to the Governor, the State of Florida Chief Financial Officer, the President of the Senate, and the Speaker of the House of Representatives. Our audit disclosed that there were no procedures in place for a final proofing of the reports prior to sending them to oversight bodies.*

Status of Corrective Action: The department has documented the review process for monthly reports submitted as required by F.S. 24.105(4).

4) Minority Retailer Participation

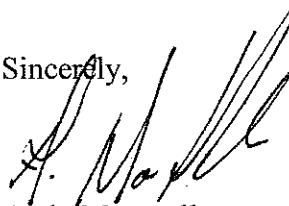
*Audit Finding: Section 24.113, Florida Statutes, requires that 15 percent of the Lottery's retailers shall be minority business enterprises; however, no more than 35 percent of such retailers shall be owned by the same type of minority person. The Auditor General noted that as of November 3, 2008, retailers comprising one minority type totaled 63 percent of the total number of minority retailers. A similar finding was included in prior reports.*

Status of Corrective Action: Minority retailers from underrepresented categories continue to be actively sought out and recruited by the Florida Lottery. Strategic initiatives have continued to seek out and recruit under-represented minorities. The strategic initiatives include identifying and partnering with minority oriented business associations, conducting retailer recruitment seminars, conducting focused sales outreach efforts, advertising for new retailers in community newspapers and magazines and exploring non-traditional trade styles for Lottery retailer prospects.

Mr. Leo DiBenigno  
Florida Lottery Secretary  
Status on Auditor General Findings  
July 29, 2010

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

Sincerely,

A handwritten signature in black ink, appearing to read "A. Mompeller", written over the word "Sincerely,".

Andy Mompeller  
Inspector General

cc. Ms. Cathy Dubose, Director  
Legislative Auditing Committee