

RICK SCOTT
Governor



CYNTHIA F. O'CONNELL
Secretary

FLORIDA LOTTERY

July 27, 2011

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

Dear Secretary O'Connell,

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 2011, 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, 2010*. The report outlined two 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 24 findings, 11 of which have been determined to have been fully addressed by Lottery managers. The remaining 13 findings 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.

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2) 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 October 6, 2010, retailers comprising one minority type totaled 65 percent of the total number of minority retailers. A similar finding was included in prior reports.

Status of Corrective Action: The Lottery has continued its efforts to identify and recruit minority businesses as lottery retailers. The following is the response to this finding by the Lottery's Business Development unit:

The strategic initiatives have included partnering with minority oriented business associations, conducting retailer recruitment seminars and engaging in sales outreach efforts specifically in low-market-penetration areas of the State, advertising for new retailers in community newspapers and magazines, and exploring non-traditional trade-styles for Lottery retailer prospects.

As one example, we have secured memberships this year with the following minority associations:

- o The Florida State Hispanic Chamber of Commerce (Miami);
- o The Minority Chamber of Commerce (Miami); and
- o The First Coast Chamber of Commerce (Jacksonville)
- o Hispanic Chamber of Commerce (Orlando)
- o African American Chamber of Commerce (Central Florida)

For the past two years the Florida Lottery has advertised the lottery retailer recruitment seminars on the radio and in small community newspapers. This past fiscal year, and due to the increased cost of print advertising, an invitation to attend the seminar was sent to retailers in the specific areas for General Market. For the Hispanic Market we continued to advertise on the radio per the recommendation of the Hispanic agency where it applied.

The Business Development Unit is continuing to work with the Marketing and Advertising units to utilize minority radio stations, minority media vendors, and publications.

Additionally, we worked closely with MRD public relations firm on promotion of the seminars. Following is the list of media coverage that MRD secured on our behalf:

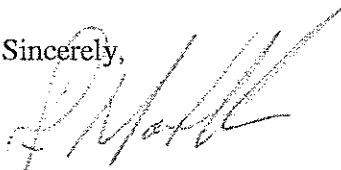
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South Florida (Miami and West Palm Districts) Retailer Recruitment Seminar – May 13, 2010		
Outlet Type	Outlet Name	Notes
Daily Newspaper	The Miami Herald	Calendar placement listed in the Business Agenda section, week of May 10, 2010
Daily Newspaper SPA	Diario Las Americas	Story published May 3, 2010
Web site	CBS12.com	Online calendar placement
Web site	FOX 29's WFLX.com	Online calendar placement
Web site	PalmBeachPost.com	Online calendar placement
Web site	Sun-sentinel.com	Online calendar placement
Web site	TCPalm.com	Online calendar placement
Web site	WPTV.com	Online calendar placement
Spanish-language Radio Station	Radio Fiesta 1380 AM	Interview with Julio Rodriguez-Diaz, held on May 8, 2010.
Spanish-language Radio Station	Radio Caracol 1260 AM	Interview with Julio Rodriguez-Diaz, held on May 10, 2010.
Spanish-language Radio Station	LA GIGANTE WJNX 1330 AM	Interview with Julio Rodriguez Diaz held on May 10, 2010.
Spanish-language TV Station	WWHB Azteca America	Interview with Julio Rodriguez Diaz on May 13, 2010 - on location at seminar. http://www.youtube.com/watch?v=AkT0zrSdj0A

Finally, in planning the recommended Sales Outreach Missions and District Open House Events for Retailer Recruitment, the Lottery has requested a new GTECH prospect listing from GTECH to help us identify new prospects using their optimization program. This list will include minority businesses, which will be pursued appropriately.

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

Sincerely,



Andy Mompeller
 Inspector General

cc. Ms. Cathy Dubose, Director Legislative Auditing Committee