

RICK SCOTT  
Governor



TOM DELACENSERIE  
Interim Secretary

July 29, 2016

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

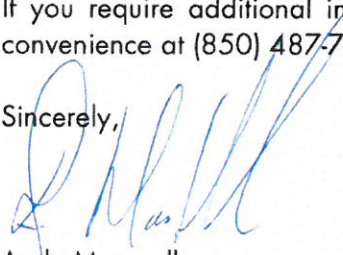
Dear Chief Inspector General Miguel:

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 or by the Office of Program Policy Analysis and Government Accountability (OPPAGA). 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 OPPAGA findings and fulfill these requirements.

The Office of Program Policy Analysis and Government Accountability released Report #16-01, *Lottery Sales Have Increased; Transfers to the Educational Enhancement Trust Fund Remain Stable*, on January 29, 2016. 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,



Andy Mompeller  
Inspector General

cc: Joint Legislative Auditing Committee

**Florida Lottery  
Six-Month Status Report for OPPAGA  
Lottery Sales Have Increased; Transfers to EETF Remain Stable  
Report #16-01 Issued: January 29, 2016  
Status as of July 29, 2016**

Finding	Recommendation(s)	Management Response as of January 29, 2016	Management Response as of July 29, 2016	Anticipated Completion Date & Contact
<p>While the department and the Legislature have increased transfers to education, additional actions could increase sales and efficiency and ultimately increase transfers to education.</p>	<p>We recommend the Department of the Lottery continue its efforts to expand the retailer network.</p>	<p>The Department agrees with the recommendation and will continue its efforts to expand the retailer network. Planned initiatives will include a net increase in ticket vending machines of approximately 3,000, in order to provide consistent equipment throughout the network and include potential new retailers who require vending machines to accommodate their trade styles.</p>	<p>A retailer recruitment tracking function has been added to all the sales representatives MSTs, which will enable them to log their recruitment efforts and allow management to track that progress. District management has established tasks in the MST as a reminder for the SRs to conduct a cold call weekly. The Florida Lottery will be included in the Florida Business Information Portal. We have met with representatives from the Department of Business and Professional Regulation to outline licensing information we wish to have included on the portal to encourage a large variety of business owners to sell Florida Lottery tickets. The addition of new Full Service Vending Machines with the new contract has allowed us to have expansion discussions with large chains such as WaWa and Wal-Mart about bringing on new sales locations. The average new chain retailer in FY 16 had weekly sales of \$7,343 compared to the average independent retailer who had a weekly sales average of \$2,020. While we will continue to look for new sales opportunities, clearly the best ROI comes from increasing chain store locations.</p>	<p>MST tasks and reminders have already begun. Business Information Portal January 2017 While the new vendor contract for vending machines has not been signed, the projected completion date for all new vending machines is December 2017. Mike Purcell</p>
<p>While the department and the Legislature have increased transfers to education, additional actions could increase sales and efficiency and ultimately increase transfers to education.</p>	<p>We recommend the Department of the Lottery continue its efforts to improve its data analysis and reporting capabilities for identifying and investigating potential ticket theft or brokering by retailers, as well as increase the number of retailer locations with ticket self-checkers for players.</p>	<p>The Department agrees with the recommendation and, as part of the integrity of the games, will continue to improve its data analysis and reporting capabilities, as well as increase the availability of ticket self-checkers for players.</p>	<p>The Department continues to explore viable options to expand our analytical capabilities in our efforts to ensure the integrity of the Florida Lottery. Furthermore, we are actively engaged in an ITN involving the Gaming System, which may result in automation for real time live alerts of retailer activity. Ticket self-checkers for players are also included in the Gaming System ITN with a minimum additional 11,000 self-checkers being proposed.</p>	<p>Ongoing Ron Cave</p>

**Florida Lottery  
Six-Month Status Report for OPPAGA  
Lottery Sales Have Increased; Transfers to EETF Remain Stable  
Report #16-01 Issued: January 29, 2016  
Status as of July 29, 2016**

Finding	Recommendation(s)	Management Response as of January 29, 2016	Management Response as of July 29, 2016	Anticipated Completion Date & Contact
<p>While the department and the Legislature have increased transfers to education, additional actions could increase sales and efficiency and ultimately increase transfers to education.</p>	<p>We recommend the Department of the Lottery:</p> <ul style="list-style-type: none"> <li>Continue to regularly assess the effectiveness of its advertising, and if it plans to increase advertising expenditures, evaluate whether the increase will have a net positive effect on returns to the Educational Enhancement Trust Fund; and</li> <li>Ensure that any future evaluations of advertising returns control for additional factors that have a significant influence on sales, use multiple years of data, and separately evaluate returns from advertising draw games and scratch-off games.</li> </ul>	<p>The Department will continue its efforts to assess its overall advertising return as part of the Department's overall mission to increase transfers to the Educational Enhancement Trust Fund.</p>	<p>Brand Management continues to regularly assess the effectiveness of advertising by:</p> <ul style="list-style-type: none"> <li>Continuing to review and discuss the Post Buy Analysis Reports from each quarter with the advertising agency and the brand department team members.</li> <li>Working with the advertising agency to calculate ROI after each product launch. The performance is measured by comparing sales to media dollars spent. Tableau is a tool used to generate reports.</li> <li>Reviewing "Weekly Spending Reports" that are provided by the advertising agency.</li> <li>Maintaining the requirement of the advertising agency to continue negotiate added value on TV and Radio media buys for each ad campaign. Added value is used to promote jackpots, education, and other products that need additional support</li> </ul>	<p>Ongoing Shan Daniels</p>