

RICK SCOTT
Governor



JIM POPPELL
Secretary

September 24, 2018

Eric Miller
Chief Inspector General
400 S. Monroe Street
Tallahassee, Florida 32399

Re: OIG Annual Report for Fiscal Year 2017-18

Dear Chief Inspector General Miller:

In accordance with Section 20.055(8), Florida Statutes, I am pleased to submit our Annual Report for the Florida Lottery, Office of Inspector General (OIG). The report reflects the activities and accomplishments of the OIG for fiscal year 2017-18.

We remain committed to the goals of the Florida Lottery and to our work to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency. Thank you for your continued support of our efforts.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "A. Mompeller".

Andy Mompeller
Inspector General



September 24, 2018

Office of Inspector General Annual Report for Fiscal Year 2017-18



Andy Mompeller
Inspector General

FLORIDA DEPARTMENT OF LOTTERY
OFFICE OF INSPECTOR GENERAL

TABLE OF CONTENTS

Introduction	2
Overview	2
Mission Statement	2
OIG Responsibilities	2
Organization and Staff	3
OIG Staff Qualifications and Certifications.....	4
Affiliations	4
Internal Audit	5
Internal Audit Accomplishments.....	6
Audit Response Coordination and Follow-up	10
Review of Corrective Actions for Prior Year Audits.....	11
Risk Assessment and Audit Plan.....	11
Investigations	12
Complaints	13
Completed Investigations	13
Accreditation.....	15
Oversight Activities	16
Computer Security Incident Response Team	16
Retailer Integrity Program.....	16
Lottery Drawings	16
Other OIG Activities.....	16
Enterprise Projects.....	16
Audit Director Roundtable	17

INTRODUCTION

OVERVIEW

In 1986, Florida voters authorized a lottery through a constitutional amendment, enacted by a two-to-one margin, that would use its proceeds to enhance public education in Florida. The Florida Legislature established the Florida Lottery with the mission of maximizing revenues for education to allow the people of Florida to benefit from significant additional monies while providing the best lottery games available. Over the history of the Florida Lottery, both goals have been accomplished. Consistent with this, the mission of the Florida Lottery is to maximize revenues in a manner consonant with the dignity of the state and the welfare of its citizens.

The Office of Inspector General (OIG) provides support to the Lottery's mission through its function. Section 20.055 of Florida Statutes defines the duties and responsibilities of the Inspectors General and requires the OIG to submit an annual report each year, summarizing the activities performed by the OIG during the preceding fiscal year. This annual report is presented to the Secretary of the Florida Lottery and the Governor's Chief Inspector General to comply with statutory requirements and to provide departmental staff and interested parties with information on the OIG's progress in accomplishing its mission.

MISSION STATEMENT

The mission of the Florida Lottery OIG is to protect and promote public integrity and accountability within the Lottery through audits and investigations that detect fraud, waste and abuse, and administrative violations. The goal of the OIG is to prevent and decrease the reoccurrence of such violations through employee awareness and cooperation, while providing the Lottery with a timely, accurate, objective, and useful work product that promotes confidence and provides transparency for the citizens of the State of Florida.

OIG RESPONSIBILITIES

Section 20.055, Florida Statutes, establishes the Office of Inspector General within each state agency to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency in government. The OIG has full, free, and unrestricted access to all Lottery activities, records, data, properties, functions, and personnel necessary to effectively carry out its responsibilities. The OIG's responsibilities include:

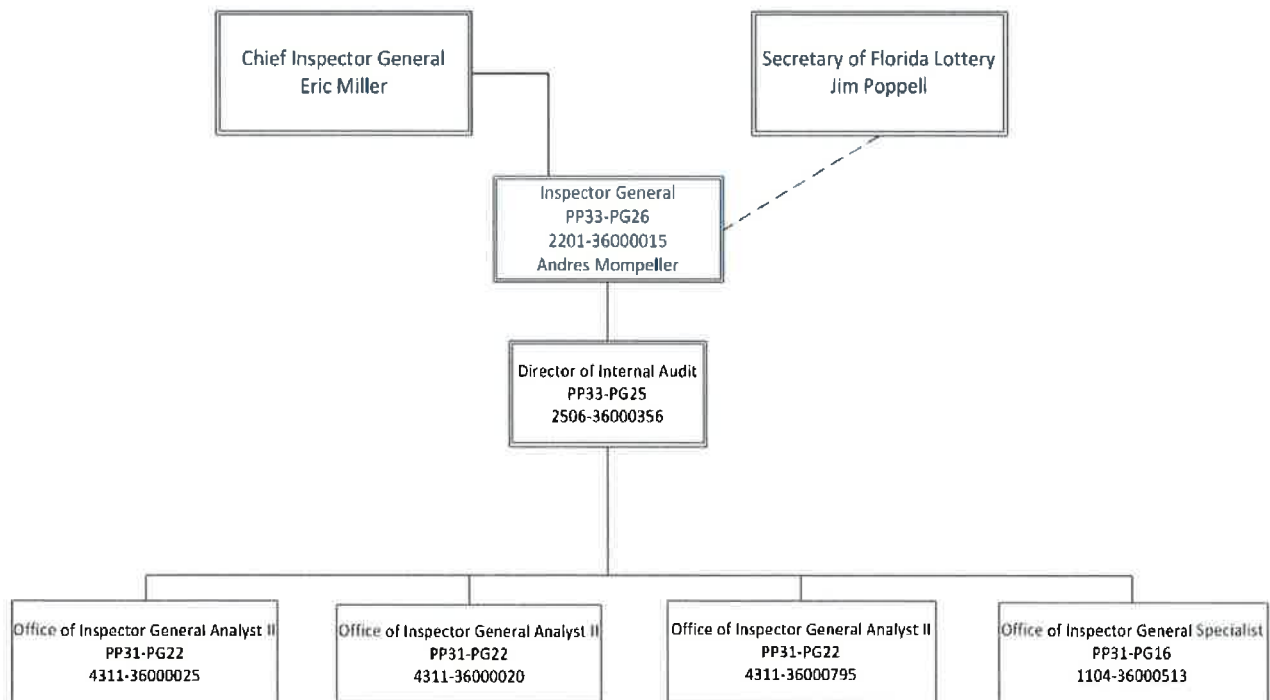
- Conducting audits, investigations, and management reviews relating to the programs and operations of the Lottery;
- Reviewing and evaluating internal controls necessary to ensure the fiscal accountability of the Lottery;
- Keeping the Secretary and Chief Inspector General informed concerning fraud, abuse,

and deficiencies relating to programs and operations administered or financed by the Lottery;

- Recommending corrective action, and reporting on the progress made in implementing corrective action;
- Advising in the development of performance measures, standards, and policies and procedures for Lottery programs;
- Conducting or coordinating other activities carried out or financed by the Lottery for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;
- Coordinating and monitoring the implementation of the Lottery’s response to recommendations made by the Auditor General, the Office of Program Policy Analysis and Government Accountability (OPPAGA), the Florida Department of Financial Services, and other external agencies; and
- Ensuring that an appropriate balance is maintained between audit, investigative, and other accountability activities.

ORGANIZATION AND STAFF

Effective July 1, 2014, requirements of section 20.055 of the Florida Statutes changed the reporting structure for Inspectors General in agencies under the jurisdiction of the Governor. The Lottery Inspector General remains under the administrative supervision of the Secretary but now reports directly to the Governor’s Chief Inspector General. The OIG consists of six professional positions that perform internal audit and investigative functions, as shown below.



OIG STAFF QUALIFICATIONS AND CERTIFICATIONS

OIG personnel are highly qualified and bring various backgrounds and expertise to the Lottery. The collective experience spans a variety of disciplines including auditing, accounting, investigations, and information systems.

The *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, and the *Principles and Standards for Offices of Inspector General* as published by the Association of Inspectors General require internal auditors to maintain their professional proficiency through continuing education and training. In addition, the OIG has received accreditation by the Commission for Law Enforcement Accreditation, Inc., and must meet minimum training standards in order to maintain accreditation.

OIG staff members continually seek to enhance their abilities and contributions to the office and the Lottery. Many staff members have obtained certifications that demonstrate their knowledge, motivation, and commitment to the profession. The accomplishments of the staff in obtaining professional certifications represent significant time and effort by each staff member, reflecting positively on the individual as well as the Lottery. During fiscal year 2017-18, professional certifications held by OIG staff members include:

- Certified Inspector General (CIG)
- Certified Internal Auditor (CIA)
- Certified Information Systems Auditor (CISA)
- Certified Governmental Auditing Professional (CGAP)
- Certified Inspector General Investigator (CIGI)
- Notary Public



AFFILIATIONS

OIG staff members participate in a number of professional organizations to maintain proficiency in their areas of expertise and certification. These associations allow them to establish and advance professional networks and participate in professional development activities. OIG staff members are affiliated with the following professional organizations that support audit and investigation activities:

- Association of Inspectors General (AIG)
- Institute of Internal Auditors (IIA)
- Association of Government Accountants (AGA)
- ISACA (previously known as Information Systems Audit and Control Association)

INTERNAL AUDIT

The purpose of internal auditing is to provide independent, objective assurance and consulting activities designed to add value and improve the Lottery's operations. Our vision is to help the Lottery by facilitating change directed toward improving efficiency, effectiveness, accountability, and teamwork.

Audit responsibilities of the OIG include:

- Conduct compliance, information technology, performance, operational, and financial audits of the Lottery to identify and recommend corrective action for deficiencies or matters of noncompliance;
- Conduct consulting activities in order to provide independent advisory services to Lottery management;
- Assess the reliability and validity of Lottery performance measures;
- Ensure effective coordination and cooperation with the Office of the Auditor General, OPPAGA, and other governmental bodies to ensure proper coverage and minimize duplication of effort;
- Conduct risk assessments of the Lottery annually, taking into consideration the input of senior management;
- Develop annual and long-term audit plans outlining the audits to be conducted during each year and related resources to be devoted to the respective audits;
- Monitor the implementation of the Lottery's response to audit reports issued by the Inspector General, Office of the Auditor General, OPPAGA, or other oversight agency;
- Develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity, with an external assessment conducted every three years; and
- Participate in enterprise projects and provide assistance as requested by the Chief Inspector General.



The OIG conducts assurance and consulting activities in accordance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors, Inc. Audit reports are distributed to the Secretary of the Florida Lottery, the Governor's Chief Inspector General, the Office of the Auditor General, the Office of Program Policy Analysis and Government Accountability, and affected Lottery managers.

INTERNAL AUDIT ACCOMPLISHMENTS

During fiscal year 2017-18, the OIG completed five internal audits, one consulting activity, and four management reviews. Additionally, the OIG followed up on the status of nine internal engagements, which consisted of 18 open findings and 30 recommendations. The results of those engagements are summarized below.

17-1009, West Palm Beach District Office

The West Palm Beach district functions as a Lottery retailer and prize redemption center, which includes selling scratch-off and terminal game tickets and redeeming winning tickets with a value of up to \$1 million for Powerball® and Mega Millions® and up to \$250,000 for all other Lottery games. The district office serves as an operations center for Lottery sales representatives and operates a warehouse that receives, stores, and distributes items needed to support the Lottery retailers located within the district.



The OIG conducted an audit of the West Palm Beach district office to determine whether the West Palm Beach district operates in compliance with the direction of Lottery management and demonstrates an adequate system of internal controls that safeguard the assets and integrity of the Lottery. Our audit disclosed opportunities for improvement in the areas of compliance with District Office Operation Procedures, inventory of scratch-off tickets, physical access, and fleet management. To address the noted deficiencies, we made four recommendations, which if implemented, will strengthen the internal control structure of the West Palm Beach district.

18-1001, District Office Policies and Procedures

There are nine district offices throughout the state that function as Lottery retailers and prize redemption centers, which includes selling scratch-off and draw game tickets and redeeming winning tickets with a value of up to \$1 million for Powerball® and Mega Millions® and up to \$250,000 for all other Lottery games. The district offices operate under a number of policies and procedures that are developed by headquarters to assist the district offices in their daily activities. The purpose of this audit was to determine if these policies and procedures provide sufficient guidance to the districts in carrying out their responsibilities.

During this audit we noted that there were no formalized policies or procedures for retailer contracting or the sales representatives, enhancements needed to be made to the District Office Operation Procedures and Fleet Management procedures, and forms and templates should be developed to ensure ease and uniformity of documentation. To address the noted deficiencies, we recommended the development and enhancement of policies and procedures, development of templates, and the placement of all district office policies and procedures in one location that is easily accessed by all district staff.

18-1002, Brand Management

Brand Management works to increase the visibility and reputation of the Lottery by publicizing its education mission, developing strategic partnerships, and advertising and marketing new game launches and promotions. The OIG conducted an audit to evaluate Brand Management's internal controls and identify opportunities for improved efficiency or effectiveness in Brand Management activities.

During the audit we noted a lack of policies and procedures, missing contract documentation, failure to meet Point of Sale (POS) timelines, inadequate event documentation, and failure to update the Merchandise Inventory Control System (MICS) after promotional events. The OIG recommended that Brand Management develop formal written policies and procedures, develop a process to ensure all required documentation is maintained for contracts and events, enhance the tracking and accountability of POS items, and develop a process to ensure items are entered into MICS timely.

18-1003, Contract Administration and Management

Contract Administration provides strategic services in the acquisition of commodities and contractual services necessary in the operation of the Florida Lottery. The OIG conducted an audit to determine if there are sufficient internal controls to ensure contracts are procured and managed in accordance with regulatory requirements.

The audit identified instances where improvements could be made to strengthen controls regarding contract administration and management responsibilities. We noted a lack of procedures, missing contract documentation, and unresolved deficiencies from a prior review. The OIG recommend that Procurement Management develop formal written policies and procedures for administration and management of contracts, develop checklists and templates to assist in the fulfillment of responsibilities, provide guidance to new contract managers, develop processes to assist in ensuring all required documentation is maintained in contract files, and ensure the cost analysis work sheet is completed when applicable.



18-1004, Performance Measures

Section 20.055, Florida Statutes, requires the OIG in each state agency to advise in the development of performance measures, standards, and procedures for the evaluation of state agency programs; assess the reliability and validity of the information provided by the state agency on performance measures and standards; and make recommendations for improvement, if necessary. The Lottery OIG conducted an annual review of the performance measures for the Lottery's annual Long-Range Program Plan. The OIG assessed the reliability and validity of the five performance measures provided to the Legislature and found them to be reliable and valid

in all material respects. We made two recommendations to ensure the consistency of the calculation methodology for one of the performance measures.

18-1005, Security Evidence Vault

The Forensic Laboratory within the Lottery's Division of Security (Security) is responsible for providing a secure storage facility and maintaining a system of documentation to track property from its receipt to its eventual disposition. In response to a request by Security, the OIG conducted a review of the evidence vault located in the Forensic Laboratory. The purpose of our review was to verify the accuracy of property records against the property stored in the evidence vault. We found all items to be appropriately sealed and preserved, and properly reconciled to the property records.

18-1006, Retailer Integrity Program

The Division of Security is authorized to conduct investigations of retailers as necessary to ensure the security and integrity of the operation of the Lottery. The Division of Security, in cooperation with the Lottery's Office of Inspector General, developed a Retailer Integrity Program to ensure the retailers are properly paying prizes to players and are compliant with Lottery retailer rules and procedures. At the request of management, the OIG conducted a review to determine if the Retailer Integrity Program is operating efficiently and in the manner of its design.

The Retailer Integrity Program was found to be effective in detecting and identifying potential retailer integrity issues. However, we did identify opportunities for improved efficiency. The OIG made recommendations to streamline the data collection and analysis and recommended the implementation of formal written policies and procedures.

18-1007, Purchase Cards



In 2006, the Lottery established a PCard Program to reduce the costs associated with the acquisition of goods and services by eliminating the need to requisition purchases of less than \$2,500 through My Florida Market Place. The OIG conducted a management review to determine if the Lottery has sufficient internal controls in place to administer the PCard program and determine if PCard purchases were allowable, reasonable, and necessary.

During this review we noted that the Lottery could make improvements to strengthen controls regarding the issuance of PCards, unallowable purchases, supporting documentation, and purchases that were not properly approved. The OIG recommended the development of processes to ensure requirements are met and documentation is completed prior to issuance of PCards, the review and update of the *Purchasing Cards Restrictions & Limitations* document, and development of a process to ensure PCard purchases are allowable, adequately documented, and properly approved.

18-1008, Claims Processing

Lottery's Claims Processing unit is responsible for assisting district offices with paying claims, as well as paying top prizes in accordance with rules and regulations. They are responsible for ensuring prize winners are verified and educated on available payment options, state owed debt recoupment occurs when applicable, and claims are paid in accordance with internal policies, procedures, and other regulatory requirements. The OIG conducted an audit of Claims Processing to determine if Claims Processing is effectively processing claims in compliance with applicable policies, procedures, and regulatory requirements.

During this audit we noted that Claims Processing is committed to ensuring claims are processed and paid in accordance with rules and regulations. However, we did note that there are improvements to be made in the handling of gift cards and promotional merchandise. The OIG recommended Claims Processing conduct regular inventories and reconciliations of its warehouse and develop a process to ensure staff appropriately receive, track, and issue gift cards and promotional merchandise.

18-1009, Unaudited Advertising

Within the Lottery, media placement is overseen by Brand Management. Unaudited media is media that has not been reviewed by a media auditing company for verification of average distribution. An article appeared in the Gainesville Sun on March 13, 2018, that alleges a publication in which the Florida Lottery places advertisements overinflates its circulation numbers. The article states that although the publication's owner represented a statewide monthly circulation of 302,000 to the Lottery, he told the Gainesville Sun that the magazine has a monthly circulation of 50,000.

The purpose of this consulting activity was to examine the pros and cons of utilizing unaudited advertising. We recommended that in order to reduce the risk involved with unaudited media, the Lottery consider restricting the use of unaudited media and establishing a threshold. We further recommended that compliance requirements be developed for unaudited publications, which could include an attestation as to the circulation of the publication and the demographics of its audience.



18-2001, Internal Follow-Up

Internal audit standards require the establishment and maintenance of a system to monitor the disposition of results communicated to management, in order to ensure management actions have been effectively implemented or that senior management has accepted the risk of not taking action. The OIG reviewed the status of corrective action plans from nine internal audits and reviews. Our review included follow-up of 18 findings and 30 recommendations. We verified the completion of 12 recommendations, which resulted in closure of 10 findings. We will continue to follow up on the outstanding recommendations until all corrective actions have been completed.

AUDIT RESPONSE COORDINATION AND FOLLOW-UP

The OIG provides a single point of contact for external agencies auditing the Lottery. This is done to ensure effective coordination and cooperation between the Office of the Auditor General, OPPAGA, and other governmental bodies and to minimize duplication of effort. We coordinate information requests and responses and assist in scheduling meetings for these entities. We provide coordination of the required responses to preliminary and tentative findings issued by the Office of the Auditor General, OPPAGA, Department of Financial Services, and other oversight agencies. We also coordinate the six-month response on the status of corrective actions taken by the Lottery on any audit findings and recommendations issued by the Office of the Auditor General or OPPAGA. Florida Statute 20.055 requires the OIG to provide a written report on the status to the Chief Inspector General and the Joint Legislative Auditing Committee. During the 2017-18 fiscal year, we coordinated the following external projects and follow-ups:



OFFICE OF THE AUDITOR GENERAL	
2017-103	SIX-MONTH STATUS: FINANCIAL AUDIT FOR THE FISCAL YEARS ENDED JUNE 30, 2016, AND 2015
2018-078	FINANCIAL AUDIT FOR THE FISCAL YEARS ENDED JUNE 30, 2017, AND 2016
2018-078	SIX-MONTH STATUS: FINANCIAL AUDIT FOR THE FISCAL YEARS ENDED JUNE 30, 2017, AND 2016
OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY	
16-01	EIGHTEEN-MONTH STATUS: LOTTERY SALES HAVE INCREASED; TRANSFERS TO EETF REMAIN STABLE
17-01	SIX-MONTH STATUS: REVIEW OF THE FLORIDA LOTTERY, 2016
17-01	EIGHTEEN-MONTH STATUS: REVIEW OF THE FLORIDA LOTTERY, 2016
18-01	REVIEW OF THE FLORIDA LOTTERY, 2017
18-01	SIX-MONTH STATUS: REVIEW OF THE FLORIDA LOTTERY, 2017
DEPARTMENT OF MANAGEMENT SERVICES	
LETTER	RETIREMENT COVERAGE AUDIT
DELEHANTY CONSULTING LLC	
N/A	COMPREHENSIVE STUDY AND EVALUATION OF LOTTERY SECURITY

REVIEW OF CORRECTIVE ACTIONS FOR PRIOR YEAR AUDITS

Section 20.055(8)(c), Florida Statutes, requires the identification of each significant recommendation described in previous annual reports on which corrective action has not yet been completed. There have been no significant recommendations described in previous annual reports for which corrective actions have not been implemented.

RISK ASSESSMENT AND AUDIT PLAN

Section 20.055, Florida Statutes, requires the Inspector General to develop long-term and annual audit plans based on periodic risk assessments of the Lottery. This helps ensure the OIG is responsive to management concerns and that those activities judged to have the greatest risks are identified and scheduled for review.

The risk assessment included identifying programs and activities administered by the Lottery and evaluating each activity based on indicators of risk exposure, or risk factors. Each program or activity was given a score for the seven risk factors: financial impact, internal control and risk management, operation complexity, public perception, change in operations/systems, audit coverage, and management concerns. The risk assessment included administration of a risk assessment survey to Lottery management, and meetings with executive management to discuss enterprise risk exposures and internal controls.

Using the results from these efforts and our professional judgment, we developed the audit plan for the 2018-19 fiscal year. The audit plan provides the most effective coverage of the Lottery's programs and processes, while optimizing the use of internal audit resources. At the request of the Chief Inspector General, we have dedicated 200 audit hours to enterprise projects, which address administrative issues common to most agencies. The annual audit plan was approved by the Lottery Secretary and submitted to the Office of the Chief Inspector General and the Auditor General. The audit plan is subject to change as Lottery priorities change and new risks are identified. During the 2018-19 fiscal year, audit resources will be allocated to the engagements on the following page.

2018-19 Audit Plan

Division/Office	Project
CIO	Software Development Lifecycle – Carryover
Sales	Tallahassee District Office – Carryover
Security	Forensic Lab/Sting Tickets – Carryover
Procurement	Procurement Operational Audit
Department Wide	Performance Measures
Retailer Contracting	Retailer Contracting
Finance	Internal Control Assessment
Security	Investigative Funds
Sales	District Offices
Finance	Cash Management
Budget	Agency Funding
Security	Evidence Vault

INVESTIGATIONS

The OIG works to deter, detect, and investigate allegations of fraud, waste, abuse or employee misconduct impacting the Lottery. The OIG receives inquiries or complaints regarding Departmental activity from many sources, including the Whistle-blower’s Hotline, the Florida Department of Financial Services’ Get Lean Hotline, the Chief Inspector General’s Office, an online complaint form on the OIG’s website, letters, telephone calls, e-mails, and the Executive Office of the Governor.



Investigation Responsibilities of the OIG include:

- Receive complaints and coordinate all activities of the agency as required by the Whistle-blower's Act pursuant to Section 112.3187 – 112.31895, Florida Statutes;

- Receive and consider complaints that do not meet the criteria for an investigation under the Whistle-blower's Act and conduct, supervise, or coordinate such inquiries, investigations, or reviews as the Inspector General deems appropriate;
- Report expeditiously to the Florida Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law;
- Conduct investigations and other inquiries free of actual or perceived impairment to the independence of the Inspector General or the Inspector General's office. This shall include freedom from any interference with investigations and timely access to records and other sources of information; and
- Submit in a timely fashion, final reports on investigations conducted by the Inspector General to the agency head, except for Whistle-blower's investigations, which shall be conducted and reported pursuant to Section 112.3189, Florida Statutes.

Investigations are conducted in accordance with quality and quantitative standards as set forth in the *Principles and Standards for Offices of Inspector General* published by the Association of Inspectors General and the *Florida Inspectors General Standards Manual* published by the Commission for Florida Law Enforcement Accreditation. If suspicion of potential criminal activity is discovered, it is referred to the appropriate law enforcement agency. The OIG coordinates with law enforcement on any criminal investigation, while ensuring that issues of an internal nature are addressed administratively.

During fiscal year 2017-18, the OIG completed seven internal investigations, processed 195 complaints, and conducted activities related to maintaining the Commission for Law Enforcement Accreditation.

COMPLAINTS

The OIG received 195 complaints during fiscal year 2017-18. OIG staff responded to each complainant as appropriate and referred 144 complaints to Lottery management for proper handling. Two complaints resulted in the OIG initiating an investigation.

COMPLETED INVESTIGATIONS

During the 2017-18 fiscal year, the OIG completed seven investigations. A synopsis of those investigations is provided below.

17-4006, Insubordination

When the Lottery Secretary was briefed about an investigation of a retailer being conducted by Security, he requested that the OIG investigate to determine if actions taken by a Lottery employee were possible insubordination. The allegations of insubordination and negligence were substantiated, as there was sufficient evidence to show the employee should have

informed their chain of command or Security of the possible Lottery rule violations by the retailer involved. The OIG recommended management take appropriate action as they deemed necessary.

17-4007, Misuse of Property

The OIG received a complaint that an individual was seen on many occasions loading and unloading boxes from a Lottery state vehicle into a retail business. That retail business was found to be owned and operated by the family of a Lottery sales representative. We were able to substantiate the allegation of misuse or unauthorized use of Lottery property. The OIG recommended management consider further clarification of acceptable use of Lottery vehicles during authorized breaks to help mitigate issues of this nature in the future.

18-4002, Hostile Work Environment

The OIG received a complaint alleging sexual harassment, hostile work environment and inappropriate behavior by a Lottery supervisor. The allegation of sexual harassment was unfounded and the allegations of hostile work environment and inappropriate behavior were unsubstantiated. The investigation resulted in an incidental finding of a possible violation of Lottery policy AP-01-19, Employee Standards of Conduct. It was recommended that management take appropriate action as they deemed necessary regarding this issue.

18-4003, Forgery

The OIG received an allegation of documents being signed falsely, resulting in circumvention of the approval process. The investigation found the allegations of forgery and document alteration to be substantiated. The OIG recommended that Procurement Management develop formal written procedures to clearly define and ensure consistency in the POS approval process.



18-4004, Web Camera

Allegations of an unauthorized web camera being installed on a Lottery computer was made by a Lottery employee who felt the subject may be photographing and recording Lottery staff without their consent. The investigation substantiated violation of Lottery policies. The OIG recommended that management take appropriate action as they deemed necessary.

18-4005, Scratch-Off Tickets

The OIG was notified of a concern regarding a Lottery sales representative who had scratch-off tickets that were previously scratched in his Lottery vehicle. The allegation of violation of Florida Administrative Code was substantiated, after the sales representative admitted to entering the tickets into the second chance draw. The OIG recommended that management take appropriate action as they deemed necessary.

18-4007, Second Chance Draw

The OIG received a complaint from a player alleging she received notification from the Lottery that she was a winner in the Power Cruise Second Chance Draw, and then received another communication that stated she was contacted in error and was not a winner, but an alternate winner. After reviewing Lottery documentation, we found a discrepancy that was caused by a Lottery employee, thereby substantiating the allegations of misconduct and violation of Florida Administrative Code. The OIG recommended that management review the current process, procedures, and controls surrounding the second chance promotions.

ACCREDITATION

Accreditation programs have long been recognized as a means of maintaining and verifying the highest standards. Accreditation is the certification by an independent reviewing authority that an entity has met specific requirements and prescribed standards. In 2009, the Commission for Florida Law Enforcement Accreditation (CFA) expanded its program to include Inspectors General offices. The CFA establishes standards, manages accreditation programs, and grants accreditation to Offices of Inspectors General that adhere to the established standards. The Florida Lottery OIG was the fourth IG office in the state to receive this accreditation status and was first accredited by the CFA in 2010.



The accreditation remains in effect for three years, at which point state assessors complete a reaccreditation review of the OIG. The OIG was reaccredited for the second time in October 2016. OIG staff regularly conduct activities to ensure ongoing compliance with accreditation requirements. Activities relating to this effort include:

- Conduct annual reviews to ensure continued compliance with the standards and the Investigations Manual. This includes a full review of all complaints and investigations and supporting documentation.
- Provide assistance to other agencies with their accreditation process. On several occasions, OIG staff provided guidance and relevant materials to other agencies to support them in their accreditation efforts.
- Attend Accreditation Manager meetings to discuss current and future issues regarding accreditation requirements.
- Revise the OIG Investigations Manual to comply with changes in CFA standards.
- Ensure OIG staff submit annual independence attestations and meet annual training requirements for CFA standards.
- Complete the CFA Annual Report.

OVERSIGHT ACTIVITIES

The OIG participates in numerous activities that are classified as oversight. This includes internal quality assessments, OIG work plans, OIG annual reports, and other internal/external assistance activities. OIG staff proactively monitor certain Lottery activities and review patterns to determine if additional action is warranted. During fiscal year 2017-18, the OIG performed the following oversight activities.

COMPUTER SECURITY INCIDENT RESPONSE TEAM

The Computer Security Incident Response Team (CSIRT) responds to suspected computer security incidents by identifying and controlling incidents, notifying designated CSIRT responders, and reporting findings to Agency management. The OIG is a core member of the CSIRT team for the Lottery. During fiscal year 2017-18, the OIG attended quarterly CSIRT meetings and reviewed and provided input to management on proposed CSIRT policies and procedures.

RETAILER INTEGRITY PROGRAM

Throughout fiscal year 2017-18, the OIG provided administrative support, research, and consulting activities. The IG serves as an advisor to the Retailer Integrity Program and OIG staff attend the weekly meetings.

LOTTERY DRAWINGS

The facility where Lottery drawings are conducted requires a dual-control environment, necessitating Division of Security staff and audit staff be present during any required maintenance and other activities. OIG staff fulfills this role as needed. Additionally, the OIG is notified of any draw discrepancies. We monitor these discrepancies and perform additional reviews when necessary.

OTHER OIG ACTIVITIES

ENTERPRISE PROJECTS

To gain efficiencies by working together, the Chief Inspector General (CIG) and agency Inspectors General meet on a regular basis to discuss and evaluate enterprise issues and projects. The CIG appointed several functional working groups made up of inspectors general from various state agencies to evaluate issues crossing agencies.

During fiscal year 2017-18, the Lottery OIG participated on a Contract Management and Monitoring enterprise project for the CIG Executive Office of the Governor. The workgroup analyzed survey responses from agency contract administrators and collected pertinent information for the project. This enterprise project will carry over and is expected to be completed during the 2018-19 fiscal year. The workgroup's efforts are expected to result in a report that identifies best practices that can be shared with all state agencies in Florida.

AUDIT DIRECTOR ROUNDTABLE

The Director of Internal Audit participates in the Audit Director Roundtable. The mission of the Audit Director Roundtable is to promote the effective and efficient use of internal audit resources toward accountability, productivity, and enhancement of management control over operations. The Roundtable is a voluntary group composed of representatives (primarily Audit Directors) from local companies and organizations, state agencies, and institution of higher education with an internal audit function.

Florida Department of Lottery
Office of Inspector General
250 Marriott Drive
Tallahassee, Florida 32301

Phone: 850-487-7726

Fax: 850-487-7746

Email

ig@flalottery.com

Web Site

www.flalottery.com/inspectorGeneral