

RON DESANTIS
Governor



JIM POPPELL
Secretary

September 25, 2019

Melinda Miguel
Chief Inspector General
400 S. Monroe Street
Tallahassee, Florida 32399

Re: OIG Annual Report for Fiscal Year 2018-19

Dear Chief Inspector General Miguel:

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 2018-19.

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

cc: Sherrill Norman, Florida Auditor General



September 25, 2019

Office of Inspector General Annual Report for Fiscal Year 2018-19



Andy Mompeller
Inspector General

FLORIDA DEPARTMENT OF LOTTERY
OFFICE OF INSPECTOR GENERAL

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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 timely, accurate, objective, and useful work products that promote confidence and provide 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:

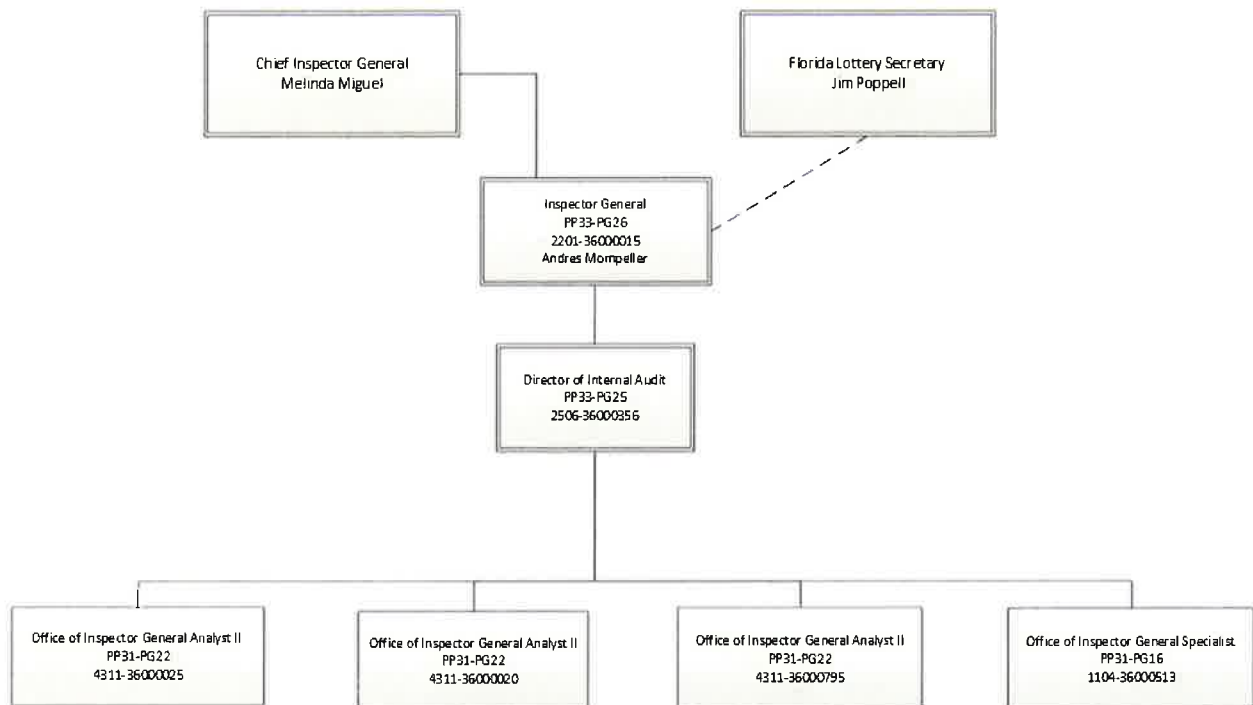
- Conducting audits, investigations, and management reviews relating to the programs and operations of the Lottery;
- Reviewing and evaluating internal controls necessary to ensure the fiscal accountability of the Lottery;
- Keeping the Secretary and Chief Inspector General informed concerning fraud,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

The Lottery Inspector General falls under the administrative supervision of the Secretary but 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 2018-19, 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)
- Florida Certified Contract Manager (FCCM)
- 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 2018-19, the OIG completed four internal audits and seven management reviews. Additionally, the OIG conducted follow-up activities to review the status of 11 internal engagements, which consisted of 28 open findings and 42 recommendations. The results of those engagements are summarized below.

18-1010, Compliance Operation Tickets

In accordance with Florida Statutes, 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. To accomplish this, Security investigates complaints and conducts operations to ensure Lottery retailers are properly handling, paying, and instructing players on winning and non-winning tickets. During undercover retailer compliance operations at retail locations, Security utilizes compliance operation tickets (pre-set winning tickets) to ensure the retailers and their employees are properly paying prizes to players and are compliant with Lottery retailer rules and procedures. In rare occasions when tickets were not correctly processed for payment and an attempt was made to steal a player's winnings, store personnel have been arrested and the retailers' contracts have been suspended and/or terminated.

The OIG conducted a management review to determine the sufficiency of internal controls and degree of accountability over compliance operation tickets. We noted that the use of these tickets has proven to be an effective method of detecting and identifying retailer integrity issues. However, we did identify areas where the process can be improved. The OIG made recommendations that included enhancing procedures, assigning a backup custodian, developing templates, and enhancing the ticket tracking spreadsheet.

18-1011, Tallahassee District Office



The Tallahassee 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

Tallahassee district office consists of 11 staff positions and services 374 retailers located within the district.

The OIG conducted an audit of the Tallahassee district office to determine whether the Tallahassee 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 scratch-off ticket accountability, security, prize payment, MICS issuances and returns, and fleet management. To address the noted deficiencies, we made five recommendations, which if implemented, will strengthen the internal control structure of the Tallahassee district.

19-1001, Procurement Management

The mission of Procurement Management is to support the Lottery's mission and strategic objectives by minimizing the percentage of sales allocated to administrative expense through a transparent, ethical, effective, and efficient procurement process. We conducted an audit of Procurement Management to determine if Procurement Management has sufficient internal controls to effectively administer each of its program areas and operates in compliance with applicable regulations and the direction of Lottery management. At the initiation of our audit, Procurement Management consisted of 16 personnel positions within the areas of Procurement, Contract Administration, and Support Services. Shortly thereafter, Support Services was removed from Procurement Management and became a direct report to the Deputy Secretary of Administration. Responsibilities for property and fleet management were then transferred to Support Services.

During this audit we noted that policies and procedures need to be developed and enhanced, procurement and contract files were missing documentation, inventory and records management need improvement, and there was no documentation of vehicle spot audits. To address the noted deficiencies, we made ten recommendations that included: the formal development and enhancement of policies, procedures, and processes; removal of access to the warehouse for those personnel that do not have a business need for the access; development of templates; and consideration of a software purchase for the scanning and tracking of Lottery mail and packages.

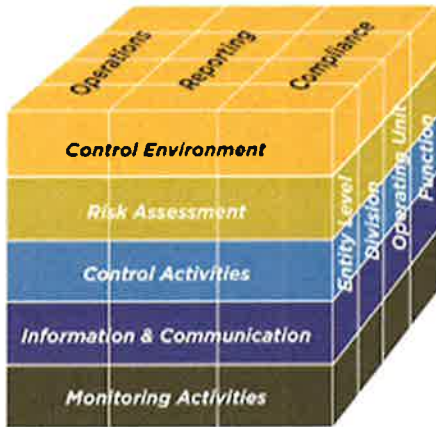


19-1002, Performance Measures

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.

19-1003, Internal Control Assessment

The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) is the recognized standard for establishing internal controls. Under the COSO model, the five interrelated components of internal control are control environment, risk assessment, control activities, information and communication, and monitoring. The OIG completed an assessment of the Lottery's internal control structure in accordance with the COSO framework. The purpose was to provide reasonable assurance on the effectiveness of the internal controls over the Lottery's financial reporting.



Based on the work performed, we determined that Lottery management has established an adequate system of internal controls for financial reporting and all five components of internal control were present. We identified a minor deficiency in the bank signature cards, and we recommended management enhance its policies and procedures to include the post notification review of change requests for bank signature cards. This assessment was provided to the Auditor General as part of their Financial Statement audit for the fiscal year ended June 30, 2018.

19-1004, Fort Myers District Office

The Fort Myers 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 Fort Myers district office consists of 18 staff positions and services 1,258 retailers located within the district.

The OIG conducted an audit of the Fort Myers district office to determine whether the Fort Myers 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 cash management, opening and closing procedures, security, and fleet management. To address the noted deficiencies, we made seven recommendations, which if implemented, will strengthen the internal control structure of the Fort Myers district.

19-1006, Retailer Contracting

The mission of Retailer Contracting is to approve and contract with Lottery retailers in a timely and accurate manner, to ensure the integrity of the retailer selection and retention processes, and to assist in Lottery retailer recruitment by processing retailer applications, screening retailers for integrity issues, executing contracts, issuing Lottery retailer certificates, coordinating retailer training and installation of gaming terminals, and reviewing retailers for termination and suspension. In calendar year 2018, Retailer Contracting received approximately 1,745 retailer applications, which included new retailer applications and change of ownership (CHOW) applications. They also processed 1,513 contract renewals.



The OIG conducted a review of Retailer Contracting to determine if Retailer Contracting has sufficient internal controls to effectively recruit and retain retailers and to identify opportunities for improved efficiency, effectiveness, or economy of operations. We did not note any deficiencies that rose to the level of a finding. However, we made recommendations that will further strengthen the internal control structure and improve efficiencies within Retailer Contracting. Recommendations included updating policies and procedures, updating and regularly reviewing badge access to the Retailer Contracting Suite, and automating Retailer Contracting processes.

19-1007, Cash Management

Cash Management is responsible for ensuring funds are appropriately transferred between investment and cash accounts to maximize interest earnings while providing sufficient coverage for daily disbursements; ensuring performance bonds are timely and accurately accounted for; and performing or reviewing all required bank reconciliations for accuracy and completeness. Cash Management analyzed and transferred \$2,374,219,335.23 during the nine-month period of July 1, 2018 through March 31, 2019.

The OIG conducted an audit of Cash Management to determine if Cash Management has sufficient internal controls to effectively administer each of its program areas and operates in compliance with applicable regulations and the direction of Lottery management. We did not note any deficiencies that rose to the level of a finding. However, we made recommendations that will further strengthen the internal control structure and improve efficiencies within Cash Management. Recommendations included the formalization of existing policies and procedures and the creation of a master list for the contents of General Accounting's safe.

19-1008, Agency Funding

The Budget section is located within the Office of the CFO and is responsible for developing and submitting the Lottery's Legislative Budget Request (LBR). Individuals with the authority to make budgetary decisions, Unit Budget Authorities (UBAs), are responsible for planning and determining needs within their respective units. UBAs are also responsible

for managing their own approved operating budgets to ensure compliance with budgetary limitations.

The Lottery's Long-Range Program Plan (LRPP) provides the framework for the LBR and provides the basis for budget decisions to be made within the context of long-term policies as identified in the planning process. The planning process provides the means for reflecting the Lottery's highest priorities and the budget provides the mechanism to address those priorities. The Lottery shows in its LBR through Exhibit D-3A issues and associated narrative, a linkage to the LRPP and to other state planning initiatives.



The OIG conducted a review of Agency Funding to determine if Lottery staff are aware of the budget process, to include the requesting and allocation of funding. During this review, we noted that Lottery staff who are involved in the budget process have the knowledge and skills needed to effectively and efficiently fulfill their responsibilities as they relate to the budget and funding. Budget management provides ample guidance, templates, and instruction to the UBAs and has developed procedures to address the budget process and management.

19-1009, 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.

19-1010, Investigative Funds



The Division of Security is a fully authorized law enforcement agency focused on protecting the integrity of the Florida Lottery and ensuring that its statutory responsibilities and commitments to honesty, accountability, and service first are fulfilled. Security conducts compliance operations to ensure Florida Lottery retailers are properly handling, paying, and instructing players on winning and non-winning lottery tickets. Security uses Information and Evidence (I&E) funds to conduct these compliance operations. The I&E funds may only be used for facilitating the procurement of or purchasing evidentiary items necessary for criminal or administrative prosecution. In rare occasions when tickets were not correctly processed for

payment and an attempt was made to steal a player's winnings, store personnel have been arrested and the retailers' contracts have been suspended and/or terminated.

The OIG conducted a review of I&E Funds to ensure I&E funds are managed effectively and consistently to safeguard the assets and integrity of the Lottery. During this review, we found that Security has adequate controls in place to effectively and consistently manage I&E funds. We made two recommendations that will improve efficiencies within Security in relation to I&E funds. Recommendations included updating procedures to include the quarterly and annual accounting of cash activities and changing the backup Account Custodian to ensure the separation of duties is present.

19-2001, Internal Follow-Up

Internal audit standards require the establishment and maintenance of a system to monitor the disposition of results communicated to management to ensure management actions have been effectively implemented or that senior management has accepted the risk of not taking action. The OIG conducted an internal follow-up during the first half of the 2018-19 fiscal year. The OIG reviewed the status of corrective action plans from seven internal audits and reviews. Our review included follow-up of 15 findings and 20 recommendations. We verified the completion of 10 recommendations, which resulted in closure of 9 findings.

19-2002, Internal Follow-Up

The OIG conducted another internal follow-up during the second half of the 2018-19 fiscal year. The OIG reviewed the status of corrective action plans from nine internal audits and reviews. Our review included follow-up of 18 findings and 32 recommendations. We verified the completion of 11 recommendations, which resulted in closure of 8 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 2018-19 fiscal year, we coordinated the following external projects and follow-ups:

OFFICE OF THE AUDITOR GENERAL	
2019-032	QUALITY ASSESSMENT REVIEW OF OIG’S INTERNAL AUDIT ACTIVITY
2019-090	FINANCIAL AUDIT FOR THE FISCAL YEARS ENDED JUNE 30, 2018, AND 2017
2019-090	SIX-MONTH STATUS: FINANCIAL AUDIT FOR THE FISCAL YEARS ENDED JUNE 30, 2018, AND 2017
2020-011	ADVERTISING AND SPONSORSHIP AND SELECTED ADMINISTRATIVE ACTIVITIES
OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY	
19-03	REVIEW OF THE FLORIDA LOTTERY, 2018
19-03	SIX-MONTH STATUS: REVIEW OF THE FLORIDA LOTTERY, 2018
DELEHANTY CONSULTING LLC	
N/A	SIX-MONTH STATUS: 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 2019-20 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 2019-20 fiscal year, audit resources will be allocated to the following engagements:

2019-20 Audit Plan

Division/Office	Project
Operations	Evaluation of Infrastructure
Department Wide	Performance Measures
Finance	Travel
Sales	District Offices
Security	Investigative Funds
Operations	Gaming System Implementation
Support Services	Fleet Management
Security	Evidence Vault
Chief Inspector General	Enterprise Projects

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 2018-19, the OIG completed one internal investigation, processed 216 complaints, and conducted activities related to maintaining the Commission for Law Enforcement Accreditation.

COMPLAINTS

The OIG received 216 complaints during fiscal year 2018-19. OIG staff responded to each complainant as appropriate and referred 144 complaints to Lottery management for proper handling. One complaint resulted in the OIG initiating an investigation.

COMPLETED INVESTIGATIONS

During the 2018-19 fiscal year, the OIG completed one investigation. A synopsis of that investigation is provided below.

19-4003, Compliance Operation Tickets

This investigation was initiated as a result of accountability issues discovered during a management review of tickets used by the Division of Security to conduct retailer compliance operations. The allegations of failure to follow procedure, negligence, falsification of records, and making false statements were substantiated. We recommended management take appropriate action as they deem necessary, and Security enhance Procedure 1-28, *Sting Ticket Accountability*, to further define the reporting of compliance operation ticket accountability incidents, the tracking and maintenance of compliance operation tickets, and the destruction of compliance operation tickets.



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 (CFLA) expanded its program to include Inspectors General offices. The CFLA 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 CFLA in 2010.



The accreditation remains in effect for three years, at which point state assessors complete a reaccreditation review of the OIG. The OIG will be reaccredited for the third time in October 2019. 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 CFLA standards.
- Ensure OIG staff submit annual independence attestations and meet annual training requirements for CFLA standards.
- Complete the CFLA 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 2018-19, 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 2018-19, the OIG attended quarterly CSIRT meetings and reviewed and provided input to management on policies and procedures.

RETAILER INTEGRITY PROGRAM

Throughout fiscal year 2018-19, the OIG provided administrative support, research, and consulting activities. The IG serves as an advisor to the Retailer Integrity Program.

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

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.

OIG NEWSLETTER

The OIG issued semiannual OIG Newsletters to Lottery employees in fiscal year 2018-19. The newsletters inform employees of OIG processes and remind them of the importance of recognizing and reporting fraud. The November 2018 newsletter, issued just prior to Fraud Awareness Week, focused on the fraud triangle and provided examples of fraud. This newsletter also addressed integrity, risk management, and internal controls. The May 2019 newsletter, issued during International Internal Audit Awareness Month, defined internal auditing and addressed classic myths about internal auditing. This newsletter also explained policy and procedure, as well as performance management. The goal of the newsletters is to keep employees better informed and to seek a reduction in fraud, waste, abuse, and irregularities within the Lottery.

OIG BROCHURE

In our continued efforts to educate and communicate with Lottery employees, the OIG reissued its brochure in fiscal year 2018-19. The OIG brochure is used to educate Lottery employees and customers about the mission and responsibilities of our office, as well as the available venues for filing a complaint. OIG brochures were printed and provided to the district offices and each program office at headquarters. The district offices were instructed to place some of the brochures in their lobbies so that Lottery customers could also be informed.

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