

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2023-001
July 2022

DEPARTMENT OF THE LOTTERY

Games Administration and
Selected Administrative Activities



Sherrill F. Norman, CPA
Auditor General

Secretary of the Department of the Lottery

The Department of the Lottery is established by Section 20.317, Florida Statutes. The head of the Department is the Secretary who is appointed by the Governor and subject to confirmation by the Senate. During the period of our audit, the following individuals served as Department Secretary:

John F. Davis From November 9, 2020 ^a

Randall Hunt From December 2, 2019, through January 21, 2020

Jim Poppell Through December 1, 2019

^a Department Secretary position vacant January 22, 2020, through November 8, 2020

The team leader was Aaron Franz, CPA, and the audit was supervised by Joshua Barrett, CPA.

Please address inquiries regarding this report to Joshua Barrett, CPA, Audit Manager, by e-mail at joshuabarrett@aud.state.fl.us or by telephone at (850) 412-2804.

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DEPARTMENT OF THE LOTTERY

Games Administration and Selected Administrative Activities

SUMMARY

This operational audit of the Department of the Lottery (Department) focused on games administration and selected administrative activities. The audit also included a follow-up on the findings noted in our report No. 2020-011. Our audit disclosed the following:

Games Administration

Finding 1: Department records did not always evidence management review of monthly customer service call reports, that corrective actions were taken to address employee performance issues, or the modification of performance standards to account for unforeseen circumstances. Additionally, Department records sometimes did not evidence that the Department responded to public e-mail inquiries.

Finding 2: User access privileges to certain Department systems were not always promptly deactivated when access was no longer required.

Selected Administrative Activities

Finding 3: Department controls over mobile device text messaging and the retention of text messages in accordance with State law and the State records retention schedule need improvement.

BACKGROUND

State law¹ authorizes the Department of the Lottery (Department) to operate lottery games to maximize revenues in a manner consonant with the dignity of the State and the welfare of its citizens. The net proceeds of lottery games are to benefit public education. Specifically, revenues from the sale of lottery tickets, less prizes paid to winning ticket holders, retailer commissions and fees, gaming vendor fees, and administrative costs, are to be transferred to the Educational Enhancement Trust Fund (EETF) managed by the Department of Education.² The amount transferred to the EETF is calculated net of all Department administrative and game expenses. For the 2020-21 fiscal year, the Department was authorized 418.50 positions, received appropriations totaling approximately \$203.4 million, and transferred over \$2.2 billion to the EETF.

¹ Article X, Section 15 of the State Constitution, and Sections 24.102 and 24.104, Florida Statutes.

² Section 24.121, Florida Statutes.

FINDINGS AND RECOMMENDATIONS

GAMES ADMINISTRATION

Department games are sold to the public by contracted retailers. Revenue is recognized when Draw game tickets are sold to players and when books of Scratch-Off tickets are settled. During the period July 2019 through February 2021, the Department recognized revenue from 23 Draw games and 143 Scratch-Off games. The Department contracted with two service organizations³ to provide gaming products and related commodities and services for Draw and Scratch-Off games. State law⁴ specifies that the Department is to establish terms and conditions for contracting with retailers who will best serve the public interest and promote the sale of lottery tickets, including the proper accounting for retailer ticket sales. State law further provides minimum requirements the Department must verify prior to contracting with a retailer. During the period July 2019 through February 2021, the Department contracted with 14,191 retailers who generated \$13.4 billion in ticket sales.

The Department delegated the oversight of retailer lottery ticket operations to the Games Administration business unit (Games Administration), which was responsible for directly communicating with retailers and customers and responding to inquiries regarding games and various other facets of operations. During the period July 2019 through February 2021, Games Administration utilized a telephone hotline to assist retailers and customers and handled 197,418 calls from retailers and customers. The Department also established an e-mail account (ASKLOTT) for retailers and customers to submit questions and requests to Games Administration. During the period July 2019 through February 2021, the ASKLOTT e-mail account received 30,555 e-mails.

Finding 1: Customer Service

To define call handling expectations and establish guidelines for consistent responses to and processing of e-mail inquiries, Games Administration established *Call Handling Procedures* and *Asklott Email Processing* policies and procedures that established certain performance standards and required Games Administration management to review, among other things:

- A Hotline Call Report each month to ensure that at least 97 percent of retailer and customer calls were answered within 60 seconds.
- The ASKLOTT e-mail account to ensure that e-mails received during work hours were responded to within 2 hours⁵ of receipt and that e-mails received during non-work hours were responded to within the first 2 hours of the next workday.

We examined selected Games Administration monthly Hotline Call Reports and 40 e-mails received during the period July 2019 through February 2021 to determine whether Games Administration answered retailer and customer calls and e-mail inquiries within established time frames and

³ Service organizations provide services to user entities which are likely to be relevant to the user entities' internal control over financial reporting.

⁴ Section 24.112, Florida Statutes.

⁵ Prior to March 22, 2020, the Games Administration *Email Processing* policy and procedure specified that all e-mails were to be responded to within 72 hours of receipt, or as soon as possible following State holidays or Department office closures.

management reviewed established performance reports, evaluated employee performance and, when necessary, took appropriate corrective actions. We noted that:

- While Games Administration management indicated that monthly reviews of Hotline Call Reports were performed, Games Administration records did not evidence management's determination as to whether corrective actions were required when less than 97 percent of calls were answered within 60 seconds. As noted in Table 1, our review of the January 2020, April 2020, June 2020, November 2020, and January 2021 Hotline Call Reports found that the percentage of calls answered within 60 seconds ranged from 56.4 percent to 83.3 percent (an average of 71.8 percent) and the percentage of calls answered within 5 minutes ranged from 69.0 percent to 88.3 percent (an average of 81.2 percent).

Table 1
Selected Monthly Hotline Call Report Results

Month/Year	Number of Calls Received	Percentage of Calls Answered within 60 Seconds	Percentage of Calls Answered within 5 Minutes
January 2020	9,318	83.3	88.2
April 2020	9,302	79.7	86.1
June 2020	18,838	59.6	74.4
November 2020	12,775	80.1	88.3
January 2021	18,026	56.4	69.0
Average	13,652	71.8	81.2

Source: Department records.

According to Games Administration management, the January 2020 performance issues were related to an increase in the volume of calls due to tax-related requests. Performance issues noted during the period April 2020 through January 2021 were related to the COVID-19 pandemic that caused the Department to close office locations and a significant increase in calls, without the ability to increase the number of personnel available to take calls. Consequently, the 97 percent performance standard was not reasonable. While we recognize the unique challenges presented by the pandemic, documentation evidencing management's determinations regarding, and the appropriate modification of, performance standards to account for unforeseen issues would better demonstrate that personnel continued to be appropriately monitored and customer and retailer service was being provided as intended.

- Games Administration records did not evidence responses to 5 of the 40 selected e-mails. According to Games Administration management, while management reviews monthly status reports that break down the major topics or subjects of e-mails, the reports do not provide information regarding response rates, such as the number or percent of e-mails responded to within established time frames.

Adequate controls promoting the retention of records evidencing management review of established call reports, corrective actions when performance standards are not met, modification of performance standards to account for unforeseen circumstances, and response to all public e-mail inquiries would better demonstrate that Games Administration is providing customer service in accordance with management's established expectations.

Recommendation: We recommend that Games Administration management enhance controls to ensure that management reviews of monthly call reports are documented and retained and, if performance standards are not met, records evidence any corrective actions taken or management's decision to modify performance standards to account for unforeseen circumstances. Additionally, we recommend that Games Administration management modify monthly e-mail review reports to provide the information necessary to evaluate whether employees responded to all e-mails in accordance with established standards.

Finding 2: Access Privilege Controls

The Department uses various systems and applications to administer its responsibilities, including:

- The Aurora system (Aurora) to process online and Scratch-Off games, including capturing retailer input and performing related administrative and financial reporting functions.
- Axiom Pro, a Web-based software application, to capture, share, use, and organize digital documents and other electronic media within daily business operations.
- The Accounts Receivable System (ARS) to record, track, and manage delinquent retailer receivables for collection and remediation, and provide accounts receivable information for financial reporting.

While Aurora and Axiom Pro are maintained by service organizations, the Department is responsible for approving, managing, and removing logical access as needed.

Department of Management Services (DMS) rules⁶ require State agencies to ensure that information technology (IT) access privileges are removed when access to an IT resource is no longer required. Additionally, the Department's *Information Security Policy* required IT access privileges to be removed within 1 business day of receiving notification of an employee's separation from Department employment.

To determine whether the Department had established effective user access privilege controls for Aurora, Axiom Pro, and the ARS, we compared system records to People First⁷ records for 51 employees (32 with Aurora access privileges, 10 with Axiom Pro access privileges, and 9 with ARS access privileges) who separated from Department employment during the period July 2019 through February 2021. Our comparison found that:

- Aurora access privileges for 14 employees remained active 2 to 822 days (an average of 143 days) after the users separated from Department employment.
- Axiom Pro access privileges for 2 employees remained active 381 and 827 days after the users separated from Department employment.
- ARS access privileges for 5 employees remained active 5 to 194 days (an average of 67 days) after the users separated from Department employment.

In response to our audit inquiry, Department management indicated that the Axiom Pro and ARS access privileges were inadvertently overlooked during the Department's periodic review of user access privileges and that the network access privileges for the 14 former employees with Aurora access had been timely removed. Notwithstanding, delays in the deactivation of Aurora access privileges increases

⁶ DMS Rule 60GG-2.003(1)(a)8., Florida Administrative Code.

⁷ People First is the State's human resource information system.

the risk that such privileges may be inappropriately used by others to access, disclose, or modify Department data.

The prompt deactivation of user access privileges upon an employee's separation from Department employment reduces the risk of unauthorized disclosure, modification, or loss of Department data.

Recommendation: We recommend that Department management ensure that Aurora, Axiom Pro, and ARS user access privileges are deactivated immediately upon a user's separation from Department employment.

SELECTED ADMINISTRATIVE ACTIVITIES

As part of our audit, we evaluated selected Department administrative activities and controls, including those related to the retention of text messages.

Finding 3: Retention of Text Messages

State law⁸ requires agencies to maintain public records in accordance with the records retention schedule⁹ established by the Department of State, Division of Library and Information Services. The schedule specifies that the retention periods for electronic communications, including text messages, are determined by the content, nature, and purpose of the messages. Some of the purposes include administrative correspondence (3 fiscal years), program and policy development correspondence (5 fiscal years), and transitory messages, which are to be maintained until obsolete, superseded, or administrative value is lost.

According to Department records, as of February 2021, approximately 378 Department-owned mobile devices,¹⁰ including 316 Apple devices, were approved to conduct Department business. To evaluate Department mobile device controls, we inquired of Department management, reviewed the Department's mobile device user agreement, and analyzed Department mobile device invoices for the period June 11, 2020, through February 10, 2021. Our audit procedures found that, although Department management reported requesting mobile device providers to block the text messaging function on each mobile device, Department management did not verify that such actions were taken. Additionally, while the Department's mobile device user agreement prohibited personal text messages, the agreement did not address business-related text messaging from Department-owned mobile devices. Our evaluation of Department mobile device controls and analysis of the selected Department mobile device invoices also found that Department controls did not adequately ensure the disabling of text messaging on all Department-owned devices and the Department had not established a method to capture and retain text messages sent or received. During the period June 11, 2020, through February 10, 2021, 23 Department-owned mobile devices sent or received 709 text messages. Subsequent to our audit inquiry, in September 2021, Department management established a process to evaluate mobile device

⁸ Section 119.021(2)(b), Florida Statutes.

⁹ State of Florida *General Records Schedule GS1-SL for State and Local Government Agencies*.

¹⁰ Mobile devices are portable devices, such as laptop computers, smartphones, and tablets, that allow storage and transmittal of entity data.

invoices for text message usage and to determine the necessary retention requirements when usage is noted.

Absent verifiable controls prohibiting Department employees from using mobile devices to send or receive personal or business-related text messages or providing for the proper retention of business-related text messages, Department management has reduced assurance that relevant controls supporting the retention of text messages in accordance with State law are in place and functioning effectively.

Recommendation: We recommend that Department management enhance mobile device controls to ensure that text message prohibitions are verifiably enforced and, should text messages be sent or received by Department-owned mobile devices, such messages are retained in accordance with State law and the records retention schedule.

PRIOR AUDIT FOLLOW-UP

The Department had taken corrective actions for the findings included in our report No. 2020-011.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2021 through April 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Department of the Lottery (Department) focused on games administration and selected administrative activities. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- To examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all deficiencies noted in our report No. 2020-011.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; instances of noncompliance with applicable governing laws, rules, or contracts; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, and Department policies and procedures, and interviewed Department personnel to obtain an understanding of Department games administration processes and to determine whether games administration controls were modified as a result of the COVID-19 pandemic.
- From the population of 2,220 retailer applications processed during the period July 2019 through February 2021, examined Department records for 39 selected retailer applications to determine whether the Department processed and approved or denied retailer applications in accordance with Department policies and procedures, State law, and Department rules.
- From the population of 2,401 retailer renewal applications processed during the period July 2019 through February 2021, examined Department records for 45 selected retailer renewal applications to determine whether the Department processed and approved or denied retailer renewal applications in accordance with Department policies and procedures, State law, and Department rules.
- Examined the Department's standard retailer contract to determine whether the retailer contract terms complied with State law and Department rules.
- From the population of 87 weekly electronic funds transfers (EFTs) from retailer bank accounts to the Department during the period July 2019 through February 2021, examined selected Department invoice records related to 25 weekly EFTs to determine whether the amounts billed and recorded as collected or due from retailers was accurate.

- From the population of 861 retailers with delinquent balances at some point during the period July 2019 through February 2021, examined Department records for 30 selected retailers to determine whether the Department established an effective tracking mechanism for delinquent amounts owed by retailers.
- From the population of 9,716 requested credit adjustments totaling \$106,218 and 2 debit corrections to retailer accounts for miscut or misprinted tickets totaling \$10,302,320 recorded during the period July 2019 through February 2021, examined Department records for 24 selected requested credit adjustments totaling \$16,755 and the 2 debit corrections to determine whether the Department established effective controls to account for retailer ticket inventory adjustments.
- From the population of 475 credit adjustments totaling \$99,607 and 1,043 debit adjustments totaling \$235,078 to retailer accounts for missing lottery game books recorded during the period July 2019 through February 2021, examined Department records for 24 selected credit and 27 selected debit adjustments, totaling \$6,223 and \$7,030, respectively, to determine whether the Department established effective controls for monitoring lottery ticket inventory and accounting for retailer ticket inventory adjustments.
- From the population of 7,562 lottery game books reported missing and not charged to retailer accounts during the period July 2019 through February 2021, examined Department records for 30 selected lottery game books to determine whether retailers reported a missing book within 7 days of the Department notifying the retailer that the book was in transit and the book not being received.
- Interviewed Department management and reviewed the service auditor report for each of the three service organizations providing the Department games administration and document management services during the period July 2019 through February 2021 to determine whether the Department appropriately reviewed the service auditor reports to ensure that service organization controls relied upon were suitably designed and operating effectively.
- From the population of 2,150 daily and weekly draw, scratch-off, adjustment, and sweep transaction data reconciliations completed during the period July 2019 through February 2021, examined Department records for 40 selected reconciliations to determine whether the Department appropriately reconciled ticket sales, including retailer adjustments, and weekly bank account sweeps for retailer receivables reported in the service organization's gaming system to the Department's Account Receivable System (ARS).
- From the population of 3,132 draws performed for the ten Draw games active at some point during the period July 2019 through February 2021, examined Department records for 25 selected draws to determine whether the Department established effective controls for coordinating Draw games, including the recording of winning numbers, authorizing games to pay winners, and closing games.
- Examined Department records for the three quarterly call reviews performed during the period July 2019 through February 2021 to determine whether the Department established effective monitoring controls to ensure timely and accurate responses to customer inquiries.
- From the population of 20 monthly call monitoring reports produced during the period July 2019 through February 2021, examined Department records for 5 selected monthly call monitoring reports to determine whether the Department verified established customer service benchmarks were achieved and whether noted performance issues were appropriately addressed.
- From the population of 30,555 e-mails received by the Department's ASKLOTT e-mail account during the period July 2019 through February 2021, examined Department records for 40 selected e-mails to determine whether the Department appropriately responded to customer e-mails and provided quality customer service.

- From the population of 74 Scratch-Off games launched or reordered during the period July 2019 through February 2021, examined Department records for 15 selected Scratch-Off games to determine whether the Department appropriately tested Scratch-Off game data prior to loading Scratch-Off game data to the Department's Scratch-Off gaming system.
- From the population of 343 Aurora system (Aurora) changes implemented during the period July 2019 through February 2021, examined Department records for 30 selected system changes to determine whether the changes were properly reviewed and approved by Department employees prior to implementation.
- From the population of 76 Department employees who had Aurora user access privileges and separated from Department employment during the period July 2019 through February 2021, examined Department records for 32 selected employees to determine whether the employees' user access privileges were timely deactivated upon separation from Department employment.
- Examined Department records for the 10 Department employees who had Axiom Pro user access privileges and separated from Department employment during the period July 2019 through February 2021 to determine whether the employees' user access privileges were timely deactivated upon separation from Department employment.
- From the population of 365 Department Aurora user accounts with active user access privileges as of May 25, 2021, examined Department records for 30 selected user accounts to determine whether the users' access privileges appeared appropriate and necessary.
- Obtained an understanding of Department ARS information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general and application IT controls were in place, and tested the effectiveness of the selected controls.
- Examined Department records for the 9 Department employees and two contracted staff who had ARS user access privileges and separated from Department or contracted employment during the period July 2019 through February 2021 to determine whether user access privileges were timely deactivated upon employment separation.
- Evaluated Department actions to correct the findings noted in our report No. 2020-011. Specifically, we:
 - Reviewed the Department's advertising contract in effect during the period July 2019 through February 2021 and examined Department contract monitoring records for selected advertising contract deliverables to determine whether Department records adequately documented Department monitoring activities.
 - Examined Department records for 4 selected subcontractor warrant reconciliations, from the population of 20 subcontractor warrant reconciliations completed during the period July 2019 through February 2021, to determine whether the reconciliations were complete, accurate, timely, and subject to supervisory review, and noted differences were appropriately resolved.
 - Examined Department records for four selected sponsorship agreements, from the population of seven sponsorship agreements executed during the period July 2019 through February 2021, to determine whether the Department received sponsorship agreement deliverables in accordance with the agreement terms and conditions and appropriately modified payments to sponsorship vendors if deliverables were not provided.
 - Compared Department purchasing card records to People First records for the 22 purchasing cardholders who separated from Department employment during the period July 2019 through February 2021 to determine whether purchasing cards were timely deactivated upon the cardholders' separation from Department employment and whether any purchasing card charges were made subsequent to the cardholders' separation from Department employment.

- Interviewed Department management, examined Department forms, and evaluated Department compliance with applicable statutory requirements for collecting and utilizing individuals' social security numbers.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
 - The administration of tangible personal property in accordance with applicable guidelines. As of February 26, 2021, the Department was responsible for tangible personal property with related acquisition costs totaling \$12,105,703.
 - The assignment and use of mobile devices with related costs totaling \$50,710 during the period July 2019 through February 2021. Additionally, inquired of Department management, reviewed the Department's mobile device agreement, and analyzed Department mobile device invoices for the period June 11, 2020, through February 10, 2021, to determine whether the Department had established adequate controls to retain text and instant messages in accordance with State law.
 - The acquisition and management of real property leases in accordance with State law, Department of Management Services rules, and other applicable guidelines. As of February 2021, the Department was responsible for 9 real property leases.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

RON DESANTIS
Governor



JOHN F. DAVIS
Secretary

July 8, 2022

Sherrill F. Norman, CPA
Florida Auditor General
Claude Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

The Lottery has received your list of preliminary and tentative audit findings and recommendations resulting from your operational audit of the Department of the Lottery, Games Administration and Selected Administrative Activities. Below is our response to each finding and recommendation:

Finding #1: Department records did not always evidence management review of monthly customer service call reports, that corrective actions were taken to address employee performance issues, or the modification of performance standards to account for unforeseen circumstances. Additionally, Department records sometimes did not evidence that the Department responded to public e-mail inquiries.

Recommendation: We recommend that Games Administration management enhance controls to ensure that management reviews of monthly call reports are documented and retained and, if performance standards are not met, records evidence any corrective actions taken or management's decision to modify performance standards to account for unforeseen circumstances.

Additionally, we recommend that Games Administration management modify monthly e-mail review reports to provide the information necessary to evaluate whether employees responded to all e-mails in accordance with established standards.

Lottery's Response: We accept the audit finding and are currently reviewing procedures to ensure proper management of Call Tracking and AskLott Emails. We understand the importance of time management and are currently working to establish an accurate time to complete and monitor those tasks. We will modify performance expectations to account for unforeseen circumstances by adding additional time to reflect a more realistic time for answering calls and responding to AskLott emails. We are revising the time to take a call from 60 seconds to 90 seconds and the time to answer an AskLott email from 2 hours to 48 hours.

We will establish a standard to monitor productivity and enhance the review of call reports and establish a way to monitor AskLott emails being sent and evaluate and coach staff when standards are not met. We plan to update our Call Handling Procedures and AskLott Email Processing Procedures to reflect the new standards we plan to implement.

Finding #2: User access privileges to certain Department systems were not always promptly deactivated when access was no longer required.

Recommendation: We recommend that Department management ensure that Aurora, Axiom Pro, and ARS user access privileges are deactivated immediately upon a user's separation from Department employment.

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Lottery's Response: Information Security Management (ISM) manages the various programs' user access privileges. ISM's Lottery Information Security Policy has been updated (eff. 3/18/22) to address the deactivation of an employee's access upon separation from the Lottery. Per the updated policy, users are now required to be logged out of all systems by 3 p.m. on their final day of employment. Accounts will be disabled on the user's last day of employment.

Finding #3: Department controls over mobile device text messaging and the retention of text messages in accordance with State law and the State records retention schedule need improvement.

Recommendation: We recommend that Department management enhance mobile device controls to ensure that text message prohibitions are verifiably enforced and, should text messages be sent or received by Department-owned mobile devices, such messages are retained in accordance with State law and the records retention schedule.

Lottery's Response: Client Services implemented a process in September of 2021 where the Gaming System Contract Administrator reviews each invoice and points out any text messages to ensure all text capability is shut down on all accounts. In the instance that a text does come through, Client Services will draft a procedure to be introduced in the Lottery iPhone/iPad User Agreement to capture texts to save for retention.

We appreciate your audit efforts and recommendations and look forward to receiving your final report.

Sincerely,

A handwritten signature in black ink, appearing to read "John F. Davis", with a stylized flourish at the end.

John F. Davis
Secretary

cc: Reggie Dixon, Chief of Staff
Jodi Ryon, Deputy Secretary of Gaming Operations
Andy Mompeller, Inspector General