

**ARKANSAS LOTTERY COMMISSION
2010 AUDIT CORRECTIVE ACTION WORKSHEET**

FINDING/RECOMMENDATION	DIVISION/DEPARTMENT	INDIVIDUAL ASSIGNED	ACTION TAKEN/ ACTION PLAN	STATUS	INTERNAL AUDITOR REVIEW	PROJECT COMPLETION DATE	DATE RE-AUDITED
<p>FINDING 2010 -1: § 23-115-206(A)(6) requires the Agency to “prepare the financial statements, including the related notes to the financial statements, of the commission in accordance with generally accepted accounting principles (GAAP) and in accordance with guidelines and timelines established by the CFO of the State to permit incorporation into the state’s financial statements and to permit the audit of the state’s financial statements and the commission’s financial statements in a timely manner.”. The Agency did not prepare the June 30, 2010 financial statements and related notes in accordance with GAAP resulted in errors and omissions that could adversely affect the inclusion of the Arkansas Lottery Commission Financial Statements and related notes in the State’s Comprehensive Annual Financial Report.</p> <p>RECOMMENDATION: We recommend the Agency strengthen internal control over financial reporting by ensuring appropriate employees are qualified and knowledgeable of all applicable Governmental Accounting Standards and prepare the financial statements and related notes in accordance with GAAP.</p>	Finance/ Administration	Phillip Miley, Chief Fiscal Officer <u>Oversight:</u> Ernie Passailaigue, Director Ernestine Middleton, VP Administration	Finance staff will coordinate and seek advice from the DFA CAFR Section when preparing year-end financial statements to ensure all financial matters affecting the CAFR report properly reflects ALC financial transactions. ALC finance personnel will participate in continuing professional education (CPE) courses offered by DFA that pertain to GAAP. ALC currently has two CPA’s on staff in the Finance Division. Both will participate in DFA training.	Interim financial statements are in compliance as of the November 2010 report. Future reports will be reviewed by the Internal Auditor before submission to our stakeholders. The year end June 2011 CAFR report will be completed by the August deadline in accordance with GAAP.	As part of the Proposed 2011 Internal Audit Plan, the Internal Auditor will review the June 30, 2011 financial statements and related notes prior to submission to Legislative Audit to ensure they are prepared in accordance with GAAP. (Anticipated approval of 2011 Internal Audit Plan is December 9, 2010)	August 2011	

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<p>FINDING 2010-2: Ark. Code Ann. §23-115-205(a) (20) states that the Commission may enter into contracts with the terms and conditions as necessary. In addition, Ark. Code Ann. § 23-115-701(e) (1) states that each major procurement contract shall be filed with the Arkansas Lottery Commission Legislative Oversight Committee (LOC) for review before the execution date of the contract. The Commission approved and LOC reviewed the instant ticket lottery game service contract with a stated cost of 1.75% of net sales. Subsequent to this review, Management entered into a <i>Recital of Selected Options</i> with a cost of 1.92% of net sales plus an additional cost of 1.5% of the prize fund. The estimated cost of the <i>Recital of Selected Options</i> compared to the original reviewed price proposal is an estimated additional \$3.9 million per year. In addition to the <i>Recital of Selected Options</i>, Management entered into three licensing agreements with the vendor with a total estimated cost of \$671,861. The subsequent Recital of Selected Options and three licensing agreements were not approved by the Commission or reviewed by LOC. Lack of appropriate review of contracts and modifications of contracts could lead to a lack of transparency to the LOC and public.</p> <p>RECOMMENDATION: We recommend the Agency ensure compliance with State law by submitting appropriate documents for review by the Arkansas Lottery Commission Legislative Oversight Committee.</p>	Legal/Gaming	Bishop Woosley, Chief Legal Counsel <u>OVERSIGHT:</u> Ernie Passallaigue, Director David Barden, VP of Gaming	It is the position of ALC staff that the "amendments" to the Instant Ticket RFP referenced in DLA Audit Finding #2, were in fact original terms of the contract between the ALC and SGI, were not amendments at all, and did not require additional review by the LOC. Legal counsel will present this argument and provide additional analysis regarding the ramification of adopting the recommendation to the LOC for their review and decision.		The Internal Auditor will monitor the resolution of this finding / recommendation and perform any audit work or research as requested by the Arkansas Lottery Commission.		

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FINDING/RECOMMENDATION	DIVISION/DEPARTMENT	INDIVIDUAL SIGNATURE	ACTION PLAN/RESPONSE	STATUS	INTERNAL AUDIT OR REVIEW	PROGRESS TO COMPLETION	DATE CREATED
<p>MANAGEMENT LETTER – 1: Ark. Code Ann. § 23-115-403(f)(1) prohibits the payment of lottery prizes to certain individuals who are members of the Commission, employees of the Commission, or member of the immediate family of a Commissioner or employee of the Commission. Currently, the Agency conducts prize payment reviews for Powerball and Mega Millions prize payments of \$10,000 or more and second chance drawings for instant games. The Agency does not review prize payments for instant ticket games or prize payments below \$10,000 for online games. In a review of the database used to perform the prize payment review, it was noted that current information within the database required to comply with State law is incomplete. Management utilizes social security numbers to aid in compliance with State Law, but 75% of the employees and relatives did not have a social security number listed including the Executive Director, Vice President of Gaming, and 12 other employees. An additional requirement for the database was the address of the prohibited player. In the review of the database, 15% of the employees and relatives had incomplete information including six employees. In addition, four employees were not included in the database. Failure to comply with State law could allow inappropriate lottery prize payments and loss of integrity for the Arkansas Lottery Commission.</p> <p>RECOMMENDATION: We recommend the Agency obtain information from commission members, employees and others deemed necessary to complete the comprehensive database and conduct the prize payment reviews required by State law.</p>	Security/Gaming	Bishop Woosley, Chief Legal Counsel <u>Oversight:</u> Ernie Passailaigue, Director David Barden, VP Gaming	<p>After review of federal law regarding the collection and use of personal information for ineligible players as defined under Ark. Code Ann. § 23-115-403(f)(1), of employees, Commission members and the immediate family members of employees and commission members since late 2009, the ALC has ceased the collection of and the use of this personal information in any way. These concerns were based primarily on limitations set forth in federal law regarding the collection and use of personal information from individuals and the fact that the Arkansas Scholarship Lottery Act is silent to any statutory authority to gather any personal information from ineligible players and use that information to enforce, prevent, monitor, or otherwise regulate both the purchasing and/or winning of a lottery prize by these individuals. These legal concerns have been expressed to both the Office of Legislative Audit and the Bureau of Legislative Research.</p> <p>It is the hope that the Arkansas Scholarship Lottery Act could be amended to clarify or otherwise provide some guidance as to gathering of information for ineligible players for use in the enforcement, prevention, monitoring or regulation of the purchasing and/or winning of a lottery prize by the individuals deemed as ineligible players under the statute.</p>		<p>As part of the Proposed 2011 Internal Audit Plan, the Internal Auditor will review procedures implemented by management concerning ineligible players.</p> <p>(Anticipated approval of 2011 Internal Audit Plan is December 9, 2010)</p>		

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FINDING/RECOMMENDATION	DIVISION/DEPARTMENT	INDIVIDUALS INVOLVED	ACTION TAKEN TO CORRECT DEFICIENCY	DATE	INTERNAL AUDIT REVIEW	PROJECTED COMPLETION	DATE COMPLETED
<p>MANAGEMENT LETTER – 2: Ark. Code Ann. § 23-115-303 (e) and (f) requires each person considered for employment by the Commission submit to a state and federal background check. Arkansas Code further states that the Commission cannot employ anyone who has been convicted or entered a plea agreement for certain criminal offenses. Nineteen individuals employed by the Commission were selected for review; of which, all background checks were completed subsequent to the first day of employment. The failure to complete the background checks prior to employment resulted in the employment and subsequent termination of two individuals with previous criminal offenses.</p> <p>RECOMMENDATION: We recommend the Agency develop policies and procedures to ensure criminal background checks are received prior to employment.</p>	Human Resources/Administration	Valerie Basham, HR Director <u>Oversight:</u> Ernie Passailaigue, Director Ernestine Middleton, VP Administration	<p>All ALC personnel were properly notified that employment was contingent upon a clear background check. To facilitate a quick start-up, employment started prior to the receipt of the criminal background report which took a few weeks to complete. This practice was rescinded shortly after start-up. As of April 2010, all background information must be received <i>prior</i> to starting employment with ALC.</p> <p>A new application for employment form was developed specifically for ALC inquiring into the criminal background of applicants and a procedure was written.</p>	<p>Recommendation was implemented in April 2010. <i>The Pre-Employment Background Procedure</i> outlines ALC procedure for conducting background checks.</p>	<p>As part of the Proposed 2011 Internal Audit Plan, the Internal Auditor will review compliance with Arkansas Code and Lottery policies and procedures concerning employee background checks.</p> <p>(Anticipated approval of 2011 Internal Audit Plan is December 9, 2010)</p>	April 2010	April 26, 2010

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FINANCIAL STATEMENT	DIVISION	PERSONNEL ASSIGNED	ACTION TAKEN	COMMENTS	INTERNAL AUDITOR REVIEW	CORRECTIVE ACTION COMPLETION	DATE COMPLETED
<p>MANAGEMENT LETTER – 3: Ark. Code Ann. § 23-115-206(a) (1) requires the Commission to establish effective internal controls. To effectively establish internal controls, management should communicate policy and procedures to all staff. Management did not communicate the policy and procedures for the accrual and use of compensatory time to exempt staff until August 3, 2010 for time purportedly earned between July 1 and November 30, 2009. Subsequent to the issuance of the formal policy, numerous changes were made by management including a suspension of compensatory time usage. In addition, management was unable to properly account for the potential compensatory time resulting in ten different versions of compensatory time being submitted for audit. Due to the numerous changes made to the compensatory time policy, at the end of audit fieldwork, it remains unclear what the Agency had established as policy. The failure to establish and communicate policy has led to confusion with the 23 affected employees and has created a potential liability for some staff, which may be required to reimburse the Agency for compensatory time already taken.</p> <p>RECOMMENDATION: We recommend the Agency strengthen internal controls by communicating applicable policies and procedures to staff in a timely manner. We further recommend the Agency obtain guidance from the Chief Fiscal Officer of the State regarding reimbursement of any overpayments that may be determined.</p>	Human Resources/Administration	Valerie Basham, HR Director <u>Oversight:</u> Ernie Passallaigue, Director Ernestine Middleton, VP Administration	<p>The ALC Commission has approved 80 hours of compensatory time for eligible exempt employees regardless of the number of hours worked in excess of 80 hours with the exception of senior executive management.</p> <p>Eligible employees will be required to execute a leave request specifically requesting compensatory time as leave and having that form approved by their supervisor.</p>	<p>The HR Director has provided written instructions to eligible employees on the use of compensatory time.</p> <p>Senior executive management is reimbursing the State for compensatory time usage.</p>	As part of the proposed 2011 Internal Audit Plan, the Internal Auditor will review Lottery employee's compensated absences (annual, sick, & compensatory time). (Anticipated approval of 2011 Internal Audit Plan is December 9, 2010)	Completed	Completed

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FINDING/RECOMMENDATION	DIVISION/UNIT	INDIVIDUALS ASSIGNED	ACTION PLAN/COMPLETION DATE	STATUS	INTERNAL CONTROL REVIEW	DATE COMPLETED	DATE REVIEWED
<p>MANAGEMENT LETTER – 4: Acts 605 and 606 of 2009, as amended, known as the Arkansas Scholarship Lottery Act, set the executive director's salary at \$141,603 with multipliers of up to 2.5 times resulting in a maximum salary of \$354,007. Ark. Code Ann. § 23-115-304(b) states, "A commission employee's salary for retirement purposes shall be the amount determined by the commission as authorized by the General Assembly and shall not include any multipliers used to increase a person's salary as authorized by the General Assembly." The Commission paid retirement contributions based on the Executive Director's salary including multipliers. Ark. Code Ann. § 23-115-304(b) may be in conflict with general legislation applicable to the Arkansas Public Employees Retirement System (APERS) as related to the definition of compensation for retirement purposes, Ark. Code Ann. § 24-4-101, and calculations of benefits, Ark. Code Ann. § 24-4-601. Based on the advice of APERS, the Commission remitted an additional \$29,184 for retirement contributions based on the total amount of the Executive Director's salary of \$324,000.</p> <p>RECOMMENDATION: We recommend the Agency seek legal guidance as to the applicability of Ark. Code Ann. §§ 23-115-304(b), 24-4-101, 24-4-601. In addition, the Agency should seek reimbursement for any overpayment that may be determined.</p>	Legal /Gaming	Bishop Woosley, Chief Legal Counsel <u>Oversight:</u> Ernie Passailaigue, Director David Barden, VP Gaming	Referred to the Attorney General's Office for an opinion.	N/A	N/A	Upon Issuance of the AG's opinion	INA

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FINDING/RECOMMENDATION	DIVISION / SYSTEM	OFFICIAL ASSIGNED	ACTION TO BE TAKEN	STATUS	INTERNAL AUDITOR REVIEW	CORRECTIVE COMPLETION	DATE CORRECTED
<p>MANAGEMENT LETTER – 5: Review of travel reimbursements, travel credit card statements, and supporting documentation revealed the following:</p> <p>The Executive Director submitted ten requests for travel reimbursement totaling \$4,534 during the fiscal year; five of which, totaling \$3,470, lacked proper approval by a designated travel supervisor. Travel payments/reimbursement totaling \$16,189 was made that are in conflict with State laws and travel regulations.</p> <p>RECOMMENDATION: We recommend the Agency strengthen internal controls related to travel expenditures by requiring all travel expenditures are adequately documented. Agency personnel that travel as part of their job duties should be trained on the various State travel regulations and management should establish procedures to ensure compliance with state law and regulations. Furthermore, we suggest that the Executive Director remit his requests for travel reimbursement to an appropriate travel supervisor for review and approval.</p>	Finance/Administration	Philip Miley, CFO <u>Oversight:</u> Ernie Passailaigue, Director Ernestine Middleton, VP Administration	<p>ALC has changed internal travel policies and procedures to closely follow the Department of Finance and Administration's travel regulations. ALC has appointed the VP of Gaming as the ALC Travel Administrator.</p> <p>All overnight travel must be approved in advance by the travel administrator and ALC Director. Forms and policies have been developed and posted on ALC's internal Intranet system and on a shared drive to provide easy access to travel requirements.</p> <p>Hotel rates that exceed DFA regulations must be approved in advance and documented on ALC forms. Travel training will be scheduled with DFA and appropriate staff. A travel checklist has been developed to ensure all appropriate documentation is included in the travel file.</p>	Travel expenses which are not properly documented or that are in conflict with State laws and ALC's Travel policy will not be paid or reimbursed.	As part of the proposed 2011 Internal Audit Plan, the Internal Auditor will review Lottery employees travel expense reimbursements. (Anticipated approval of 2011 Internal Audit Plan is December 9, 2010)	Completed	12/7/10

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FINDING/RECOMMENDATION	DIVISION/DEPARTMENT	CONTACT PERSON	ACTION TAKEN	ACTION TAKEN	ACTION TAKEN	DATE	DATE
<p>MANAGEMENT LETTER – 6: Review of payroll and related records revealed the Agency made improper retroactive payments to two employees for periods 12/13/09 through 3/28/10 and 5/01/10 totaling \$6,296. Ark. Code Ann. § 19-4-1610 states “no increase in the rate of pay, either by paying the full amount of the maximum salary or by placing an employee in a position calling for a greater salary, shall be construed as authorizing the payment of any retroactive salary to the employee” except for “salary payments made to correct an administrative error”. However, the retroactive pay was for time before the effective dates of the position reclassifications.</p> <p>RECOMMENDATION: We recommend that the Agency ensure that retroactive payments be supported by appropriate documentation and seek recovery of the amounts overpaid.</p>	Human Resources/Administration	Valerie Basham, HR Director <u>Oversight:</u> Ernie Passailaigue, Director Ernestine Middleton, VP Administration	ALC corrected the reclassification dates of the affected employees to resolve the administrative error.	Personnel action forms have been amended to reflect the actual date of the reclassification of the positions.	The Internal Auditor will monitor the resolution of this finding / recommendation and perform any audit work or research as requested by the Arkansas Lottery Commission.	November 30, 2010	11/30/10

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FINDING/RECOMMENDATION	FUNCTION AREA	NAME OF PERSON RESPONSIBLE	ACTION TAKEN	DATE	INTERNAL AUDITOR REVIEW	PROPOSED COMPLETION DATE	DATE COMPLETED
<p>MANAGEMENT LETTER – 7: The Control Objectives for Information and Related Technology (COBIT) Delivery and Support Domain 11 outlines the best practices for ensuring financial data are complete, accurate and valid. Controls should be in place to ensure proper management review and/or approval of all financial transactions. Additionally, financial accounting software processing ability should be adequate to meet the control environment needs of the entity. The Agency's financial accounting software and related procedures contains the following deficiencies:</p> <p>The software allows a valid financial transaction to be deleted in a manner that completely erases the transaction from the original financial records. The only information about the deleted transaction is kept in an audit log file. There is no documentation to indicate that management is reviewing the audit log file to determine that transaction deletion was properly approved and appropriate for the circumstances.</p> <p>The software only has the capability to identify seven payroll deductions on an employee's remuneration statement, however many employees have more than seven deductions. Additionally, Agency staff must account for some payroll deductions outside the accounting software and adjust federal reporting forms accordingly.</p> <p>The software does not have adequate controls to prevent or detect a salary overpayment for a position's pay grade maximum in accordance with Ark. Code Ann. § 21-5-101. In addition, the software lacks the ability to limit the maximum number of employees authorized by §§ 23-115-305, -307. These situations could allow errors or fraud to occur and not be detected in a timely basis.</p> <p>RECOMMENDATION: We recommend that the Agency work with the application vendor to implement additional controls that will strengthen the control environment.</p>	Finance/Administration	Philip Miley, CFO <u>Oversight:</u> Ernie Passailaigue, Director Ernestine Middleton, VP Administration	<p>ASL Peachtree administrator has deactivated the feature in Peachtree which allows the deletion of transactions in the current accounting period. This feature was never available once each month's financial statements had been prepared and the month closed. ALC has balancing procedures in place to ensure that financial transactions are accounted for properly. Additionally, the CFO will review and print the Audit Log report each month to document compliance with this policy.</p> <hr/> <p>The Peachtree payroll system allows for approximately 30 deduction fields for payroll purposes, all of which can be printed on the employee remuneration statement. ALC is currently utilizing 23 fields with 7 fields available for use. However, as a state agency, we have to offer all the benefits available to other state employees which could exceed 30. We are researching other software (including AASIS) to address the limitations noted by auditors.</p>	<p>Completed - December 1, 2010</p> <hr/> <p>In process. We will make a determination of which software to use by January 31, 2011.</p>	<p>The Internal Auditor will monitor the resolution of this finding / recommendation and provide consultation as requested by the Arkansas Lottery Commission.</p>	<p>12/1/10</p> <hr/> <p>March 2011</p>	<p>12/1/10</p> <hr/> <p>March 2011</p>

**ARKANSAS LOTTERY COMMISSION
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FINDING / RECOMMENDATION	DIVISION OF AGENCY	INDIVIDUALS ASSIGNED	CORRECTIVE ACTION	STATUS	INTERNAL AUDITOR REVIEW	DATE OF COMPLETION	DATE REVIEWED
<p>MANAGEMENT LETTER – 8: Review of internal controls over cash receipts for the collection of retailer fidelity fees totaling \$18,775 and retailer application fees totaling \$161,381, identified controls that were not operating as designed. All incoming mail is to be processed by the Security Division which includes entering all checks received into the mail check log which is maintained on SharePoint and approved by the Treasurer. The mail and checks are subsequently to be distributed to the appropriate departments for processing. During our test, we noted that checks were being deposited that had not been processed through the security division; all checks were not deposited timely; and, although the check log was being approved by the Treasurer, the Treasurer does not receive copies of the checks or other documents to ensure that the check log is complete.</p> <p>RECOMMENDATION: We recommend the Agency strengthen internal controls over cash receipts.</p>	Treasury/Administration Security/Gaming	Timothy Parrish, Treasurer and Philip Miley, CFO, Lance Huey, Security Director <u>Oversight:</u> Ernie Passailaigue, Director David Barden, VP Gaming Ernestine Middleton, VP Administration	ALC discourages payment in cash. However, all cash received through the mail will be routed through Security. There are balancing safeguards between Security, Treasury, and Finance to ensure all cash receipts are accounted for with proper internal controls. Security is reporting to Treasury check counts and amounts on a daily basis. The treasurer will receive copies of the checks or other documents to ensure that the check log is complete. All monies will be deposited daily with an electronic verification from the bank of the transaction.	Completed	As part of the proposed 2011 Internal Audit Plan the Internal Auditor will review the Lottery's internal controls related to cash receipts. (Anticipated approval of 2011 Internal Audit Plan is December 9, 2010)	Completed	12/3/10

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FINDING/RECOMMENDATION	DEPARTMENT	RESPONSIBLE PERSON	CORRECTIVE ACTION TAKEN	STATUS	INTERNAL AUDITOR REVIEW	PROPOSED COMPLETION DATE	DATE COMPLETED
<p>MANAGEMENT LETTER – 9: Review of internal controls over disbursements revealed that controls over procurement are inadequate. The Agency's policy requires a Vice-President's approval for non-procurement card purchases over \$500. However, the Agency's policy also states that approval is considered to have occurred with the Vice President's manual signature on the check. This control is ineffective since the check would not be signed until after the purchase had occurred and the item had been received. The Agency's controls appear to be minimal compared to best practices and have the potential to allow unauthorized or unallowable purchases and/or liabilities to be incurred by the Agency.</p> <p>RECOMMENDATION: We recommend the Agency ensure that proper controls are in place and operating effectively by adequately reviewing all supporting documentation for purchases prior to the disbursement of funds.</p>	Finance/Administration	Philip Miley, CFO and Bishop Woosley, CLC <u>Oversight:</u> Ernie Passailaigue, Director David Barden, VP Gaming Ernestine Middleton, VP Administration	ALC will revise its disbursement policy to ensure all financial commitments are approved by appropriate levels of management before a binding transaction occurs. ALC has reduced the P-Card limitation for two card holders and we will ensure that proper controls are in place and consistent throughout the agency.	In process	As part of the proposed 2011 Internal Audit Plan, the Internal Auditor will review the Lottery's internal controls relating to procurement. (Anticipated approval of 2011 Internal Audit Plan is December 9, 2010)	December 20, 2010	

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FINDING/RECOMMENDATION	DIVISION/DEPARTMENT	INDIVIDUAL(S)	ACTION TAKEN	STATUS	INTERNAL AUDIT REVIEW	PROJECTED COMPLETION	DATE COMPLETED
<p>MANAGEMENT LETTER – 10: The instant ticket lottery game service contract requires a fee paid to the vendor of 1.5% of the prize fund for the costs associated with the Points for Prizes™ program. The Agency paid the vendor \$3.3 million to operate the program during the year ended June 30, 2010. Agency personnel were unable to provide an adequate explanation as to calculation of the fee and specifically, how to determine the value of the prize fund. Agency personnel appeared to lack knowledge required to calculate the fee independent of the vendor. The Agency's inability to understand and recalculate the fee could cause vendor overpayments to occur thus reducing funds available for scholarships.</p> <p>RECOMMENDATION: We recommend the Agency strengthen internal controls surrounding the Points for Prizes™ program by ensuring Agency employees adequately review and understand the methodology for calculating payments to the instant ticket lottery game service vendor.</p>	Legal/Gaming	Bishop Woosley <u>Oversight:</u> Ernie Passallaigue, Director David Barden, VP Gaming		All funds are returned to players in the form of prizes, regardless of the calculation. This finding has a net zero fiscal impact on scholarships.	As part of the proposed 2011 Internal Audit Plan the Internal Auditor will review the Lottery's Points for Prizes program. (Anticipated approval of 2011 Internal Audit Plan is December 9, 2010.)		

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FINDING/RECOMMENDATION	DEPT/DIVISION	INDIVIDUALS	AGENCY RESPONSE	STATUS	INTERNAL AUDITOR REVIEW	PROVIDED COMPLETION	DATE COMPLETED
<p>MANAGEMENT LETTER – 11: Travel regulation R1-19-4-903 states mileage shall be reimbursed and computed using map mileage. The auditor was unable to adequately test marketing sales representatives' travel due to insufficient documentation. Information provided on the employees' travel reimbursement forms was vague and/or incomplete limiting the Agency's ability to properly review the supporting documentation prior to payment. In addition, the auditor was unable to verify miles traveled in order to recalculate mileage reimbursement for accuracy. Travel reimbursements for marketing sales representatives totaled \$198,983, including one employee who was reimbursed \$18,858 for 44,900 miles driven during a ten-month period of time. Insufficient supporting documentation could allow errors or misappropriation of assets to occur and go undetected by the Agency, leading to overpayments made to Agency employees.</p> <p>RECOMMENDATION: We recommend the Agency implement procedures requiring adequate documentation of travel made by the Agency's marketing sales representatives to allow for a proper review of travel reimbursements.</p>	Finance/Administration Sales/Gaming	Phillip Miley, CFO and Robert Stebbins, Sales Director <u>Oversight:</u> Ernie Passailaigue, Director David Barden, VP Gaming Ernestine Middleton, VP Administration	ALC corrected this issue after discussion with the auditors in the initial exit conference (April). Electronic map mileage is used to determine mileage between cities and verified by sales and finance staff before payments are made. MSR mileage exceptions or irregularities are investigated and verified through trip documentation logs maintained by the vendor and Google® research.	Complete	As part of the proposed 2011 Internal Audit Plan, the Internal Auditor will review Lottery Marketing and Sales Representative's private vehicle mileage reimbursements. (Anticipated approval of 2011 Internal Audit Plan is December 9, 2010)	Complete	April 2010