

**ALC Vendor Committee**  
**Objectives, Qualifications, Criteria, and Requirements for Consideration**  
**Performance Audit & Related Consulting Services**  
**May 21, 2014**

*Note: The objectives, qualifications, criteria, and requirements contained herein represent possible items for inclusion in an RFP to be issued by the Arkansas Department of Legislative Audit on behalf of the ALC for Performance Audit & Related Consulting Services. These items do not represent an approved RFP document and should not be interpreted as such.*

### **Overall Objectives**

- In-depth assessment of the performance of the ALC's operations in specified areas and identification of recommendations and actionable plans for use by the ALC at its discretion to improve its operations, with the overall goals of:
  - Increased revenue;
  - Cost Control;
  - Increased contribution to the Arkansas Academic Challenge Scholarship program.

### **Vendor Qualifications**

- Minimum 3 years lottery industry experience in multiple disciplines
- Experience and capacity to make detailed and specific recommendations

### **Key Areas for Assessment / Scope**

- The ALC expects that the Vendor will complete an assessment of the ALC's performance in the following key areas, but encourages the Vendor to outline a suggested scope that includes the functions / metrics it believes are the most relevant and critical for review and analysis\*.
- The Vendor is encouraged to provide multiple scope options, allowing for the ALC to evaluate the proposed services collectively and separately, so that it can exercise the options that are determined to be the most advantageous to pursue in assessing its performance and identifying actionable plans to achieve its objectives.

*\* While a portion of such assessment may include comparisons of the ALC's performance to other state lotteries, the ALC expects the Vendor will devote most of its time and effort to understanding the ALC's current operations, business environment, and current performance in order to identify actionable plans in order to achieve its stated objectives of increased revenue and cost control, for the benefit of the Arkansas Academic Challenge program.*

The key areas of the ALC's operations are:

#### Retailers

- Retailer Penetration (including by retailer category analysis)
- Retailer Education and Communication Methods and Materials
- Point of Sale (POS) Materials
- Product Placement
- Commissions and Incentive Methods and Structures (including comparison to other lotteries)
- Recruiting Methods
- Sales Performance

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Product Portfolio

- Performance of existing instant and online game portfolio
- Launch Schedules
- Price Points
- Payouts
- Prize Offerings
- Analysis of Per Capita Sales by Product

Marketing, Advertising, and Promotion

- Budgeted and Actual Spend Allocations
- Efficiency and Effectiveness of Existing Advertising Methods and Programs
- Winner Awareness
- Use of Social Media
- Promotional Events

Public Relations

- Public Perception of the ALC (including influence on buying decisions)
- Public Awareness of ALC Beneficiaries, Mission, and Past Performance
- Public Awareness and Perception of Legal Limitations and Requirements (including encouragement of responsible play, age limitations, problem gambling assistance, and style of play limitations)

Organizational Structure

- Departmentalization
- Reporting Structure
- Headcount Optimization (by Department and as a whole)
- Compensation Structure and Market Competitiveness

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**Measurement Criteria**

- Should the ALC elect to provide comparisons or comparison standards it believes are relevant to the measurement of its performance, including its own analysis of such measures for feedback from and review by the Vendor, the Vendor shall provide specific written analysis regarding its own assessment of the ALC's performance using such measures and the relevance and reliability of using such metrics to measure the ALC's performance.
- Any comparisons or comparison standards used by the Vendor in its assessment and the basis for their selection shall be explained in any formal written communications or reports issued at the conclusion of performance audit activities.
- Any comparisons to or comparative standards used by the Vendor to measure the ALC's performance against other lotteries should be based on factors such as:
  - Geographic proximity
  - Population
  - Years in business
  - Statutory requirements
  - Other factors deemed relevant and useful by Vendor.

**Proposal Requirements**

Each Vendor's proposal must describe the following in detail:

- Methodology for conducting the performance audit and related consulting services
- Description of the Vendor's lottery industry experience, both at a firm and individual engagement team level
- List of expected engagement team members, including any Subject Matter Experts (SMEs) employed by the Vendor as primary contractor and any SMEs expected to be engaged as a subcontractors
- Timeline for completion of the performance audit, including the timing of expected key deliverables

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**Required Deliverables**

- Final report that includes:
  - A description of the review and analysis procedures undertaken to assess the ALC's operations
  - Provides recommendations and action plans for use by the ALC to improve its operations at its discretion
- Final list of engagement team members, including SMEs employed directly by the Vendor and any subcontractors used to complete the performance audit and related consulting services
- List of relevant performance metrics (either comparative measures against other lotteries or internal metrics) used by the Vendor to measure the success of the ALC in all areas covered by the performance audit, including method of calculating such metrics and the source of information used to calculate such metrics (may be incorporated into final report issued by Vendor)

**Other Requirements**

- Vendor, at its own cost, may be required to present and explain the performance audit report before the Arkansas Lottery Commission and / or the Arkansas Lottery Commission Legislative Oversight Committee upon request of the ALC
- In lieu of any performance security requirement, the Vendor will be paid for performance audit and consulting services upon successful completion of all milestones outlined in the Vendor's proposal and delivery of its final report, to the satisfaction of the ALC