

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

**DISTRICT OF COLUMBIA**

**LOTTERY AND CHARITABLE  
GAMES CONTROL BOARD**

**Management Letter Report for  
Year Ended September 30, 2012**



**CHARLES J. WILLOUGHBY  
INSPECTOR GENERAL**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



March 26, 2013

The Honorable Vincent C. Gray  
Mayor  
District of Columbia  
Mayor's Correspondence Unit, Suite 316  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
John A. Wilson Building, Suite 504  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

Dear Mayor Gray and Chairman Mendelson:

As part of our contract for the audit of the District of Columbia's general purpose financial statements for fiscal year (FY) 2012, Bert Smith and Company (BS&C) submitted the enclosed management letter report for the District of Columbia Lottery and Charitable Games Control Board (Board) for the year ended September 30, 2012 (OIG No. 13-1-11DC(a)). This report sets forth BS&C's comments and recommendations to improve internal control and other operating efficiencies.


This report identifies one significant deficiency. A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is important enough to merit attention by those charged with governance. The significant deficiency identified in this report is a lack of supporting documentation for journal entry.

While the Office of the Inspector General will continue to assess the District's implementation of recommendations, it is the responsibility of District government management to ensure that agencies correct the deficiencies noted in audit reports. This Office will work with managers, as appropriate, to help them monitor the implementation of recommendations.

Mayor Gray and Chairman Mendelson  
FY 2012 D.C. Lottery and Charitable Games and  
Control Board Management Letter Report  
OIG No. 13-1-11DC(a)– Final Report  
March 26, 2013  
Page 2 of 4

If you have questions or need additional information, please contact me or Ronald W. King,  
Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charles J. Willoughby  
Inspector General

CJW/ws

Enclosure

cc: See Distribution List

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Mr. Paul Geraty, CPA, Public Sector Audit Division KPMG LLP (1 copy)



January 28, 2013

To the Management of the Government of the District of Columbia  
Lottery and Charitable Games Control Board  
Washington, D.C.

In planning and performing our audit of the financial statements of the District of Columbia Lottery and Charitable Games Control Board (Lottery), an enterprise fund of the Government of the District of Columbia, as of and for the year ended September 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Lottery's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lottery's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lottery's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control that we considered to be significant deficiencies and communicated them in writing to management and those charged with governance on January 28, 2013. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Lack of Supporting Documentation for Journal Entry**

We reviewed twenty (20) journal entries as part of our test-work and noted that one (1) of the journal entries had insufficient supporting documentation. Journal entries should be properly supported with all of the applicable documents and maintained as part of the financial records of the Lottery.

**Recommendation:** We recommend that the Lottery ensures that journal entries are supported with all of the necessary documents and adequately maintained as part of the Lottery's accounting records.

**Management's Response:** This occurred due to time constraints, the agency being short-staffed, and in the attempt to get the journal entries into Oracle to create the interface file.

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This communication is intended solely for the information and use of management of the Lottery, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Bert Smith & Co.

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