

**PUBLIC OVERSIGHT HEARING ON**  
**THE FISCAL YEAR 2014 AND 2015 SPENDING AND PERFORMANCE**  
**BY THE OFFICE OF THE CHIEF FINANCIAL OFFICER (OCFO)**

**Before the**  
**Committee on Finance and Revenue**  
**Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

**February 25, 2015, 10:00 a.m.**  
**Council Chambers**  
**John A. Wilson Building**



**Testimony of**

**Jeffrey Dewitt**  
**Chief Financial Officer**  
**Government of the District of Columbia**

Chairman Evans and members of the Committee on Finance and Revenue—Good Morning. I am Jeff DeWitt, Chief Financial Officer for the District and with me today is Executive Director Buddy Roogow of the DC Lottery and Charitable Games Control Board. I am pleased to have this opportunity to present testimony on the DC Lottery's performance for Fiscal Years 2014 and 2015. Also with us is the Agency Fiscal Officer Craig Lindsey and Associate General Counsel Ridgely Bennett.

## **Introduction**

Before I turn the presentation over to Mr. Roogow, as the CFO, I wanted to give the Committee an update on the Instant Ticket Lottery contracts, the additional procurements that will be done as CBE set asides to provide lottery support services and other oversight my office has conducted related to the DC Lottery.

Mr. Chairman, as you are aware there have been ongoing issues and delays related to the Instant Ticket contracts which I believe we have addressed at this point. Ultimately the solution was to enter directly into contracts with all three vendors that produce the proprietary instant tickets and to enter into several separate contracts with local CBEs through competitively bid set-aside contracts for related support services such as:

1. Warehousing Operations for Instant Tickets---Inventory control, storage, Tel-sell and preparation of tickets for delivery to DCLB retailers (Pick and Pack)
2. Mobile Vendor----To increase sales through the utilization of our Lucky Lottery Mobile within the DC lottery market
3. Retail Recruitment---To increase lottery retail locations throughout the District and particularly in non-traditional locations such as social settings
4. Retail Enhancement---Makeover of existing lottery retail locations to display and present lottery products more effectively

The advantage of this approach is it results in the least cost for instant tickets to the District with an increased variety of games for players and provides multiple direct contracts with CBE vendors to improve opportunities for local businesses. We have procured the instant tickets with limited deliveries already occurring and the warehousing contract is due for completion in the next several days with the remaining services under procurement development as we speak. This contract solution, coupled with the new five-year extension of the gaming contract to Intralot, will complete the procurements and allow the lottery to stabilize and move forward as Mr. Roogow will discuss in a few minutes.

Additionally, as I have done with other areas of the OCFO, I directed the Chief Risk Office and the Office of Integrity and Oversight to review the Instant Ticket operations for internal controls and procedures. As a result, we have made several improvements to ensure the proper handling of instant tickets in our warehouse. In addition, a procurement is in the final stages to select an outside firm to complete a national “best practices” study of the DC Lottery and for those recommendations to be implemented to ensure we are doing all we can to have the best lottery in the country. This is my simple assignment to Mr. Roogow.

I will now turn the rest of the presentation over to him and we can jointly address any questions.