

Florida Lottery

Request for Proposals

Advertisement Date: August 13, 2019

Proposals Due: October 17, 2019

**Operational Security Studies and Evaluation
Services**

Project No.: 054-18/19



Florida Lottery
Procurement Management
250 Marriott Drive
Tallahassee, Florida 32301

TABLE OF CONTENTS

PART 1: OVERVIEW AND REQUIREMENTS	5
1.1. FLORIDA LOTTERY INTRODUCTION.....	5
1.2. DEFINITIONS.....	5
1.3. GENERAL OVERVIEW OF THE RFP PROCESS.....	7
1.3.1. RESPONDENT QUESTIONS	7
1.3.2. NOTIFICATIONS AND LIBRARY OF PROCUREMENT INFORMATION AND STANDARD FORMS	7
1.4. SOLICITATION OBJECTIVE.....	7
1.5. SOLICITATION CONSTRUCTION.....	8
1.6. PROCUREMENT AUTHORITY	8
1.7. ISSUING OFFICER.....	8
1.8. RESTRICTION ON COMMUNICATIONS	8
1.9. VENDOR CONDUCT REQUIREMENTS	9
1.9.1. HIRING AND OTHER BUSINESS RELATIONSHIPS WITH LOTTERY PERSONNEL	9
1.9.2. TICKET PURCHASE AND PRIZE PAYMENT RESTRICTIONS.....	9
1.9.3. HOSPITALITY GOODS AND SERVICES	10
1.10. SCHEDULE OF EVENTS.....	11
1.11. ADDENDA OR NOTICES	11
1.11.1. ACKNOWLEDGEMENT OF ADDENDA.....	12
1.12. VENDOR QUESTIONS.....	12
1.13. PUBLIC RECORD REQUESTS.....	12
1.14. PROTESTS	12
1.15. VENDOR FELONIES, CONVICTED, DISCRIMINATORY AND SCRUTINIZED COMPANIES LISTS	13
1.16. BACKGROUND INVESTIGATIONS AND DISCLOSURES.....	14
1.17. COSTS ASSOCIATED WITH PROPOSAL.....	14
1.18. PUBLIC MEETINGS.....	14
1.19. PROPOSAL RECEIPT AND OPENING.....	14
1.20. DISCLOSURE AND OWNERSHIP OF PROPOSAL CONTENTS BY THE LOTTERY	15
1.21. WITHDRAWAL FROM CONSIDERATION	15
1.22. CLARIFICATION PROCESS	15
1.23. ACCEPTANCE/REJECTION OF PROPOSALS	15
1.23.1. REJECTION OF ALL PROPOSALS.....	15
1.23.2. NON-EXCLUSIVE RIGHTS	15
1.24. PROPOSAL QUALIFICATION AND CURE PROCESS	16
1.25. VENDORS FINANCIAL REVIEW.....	16
1.26. INFORMATION FROM OTHER SOURCES	17
1.27. NON-RESPONSIVE PROPOSALS	17
1.28. DISQUALIFICATION FOR NON-RESPONSIBILITY	17
1.29. COST SUBMISSION OPENING	18
1.30. NOTICE OF AGENCY DECISION	18
1.30.1. RESERVED RIGHTS AFTER NOTICE OF AGENCY DECISION.....	18
1.31. AGREEMENT EXECUTION	18
1.31.1. AVAILABILITY OF FUNDS	18
PART 2: SCOPE OF SERVICES	19
2.1. GENERAL INFORMATION	19

2.2.	BACKGROUND INFORMATION	19
2.3.	SCOPE OF SERVICES	19
2.3.1.	LOTTERY SECURITY.....	20
2.3.2.	COORDINATION WITH AUDITORS.....	25
2.3.3.	PROGRESS REPORTS	25
2.3.4.	EMERGENCY MATTERS	25
2.3.5.	DELIVERABLES (PRELIMINARY AND FINAL REPORTS)	25
2.3.6.	PRESENTATION	26
2.4.	CONTRACT FORMATION	26
PART 3:	PROPOSAL EVALUATION PROCESS AND METHODOLOGY	27
3.1.	INTRODUCTION	27
3.2.	EVALUATION TEAM.....	27
3.3.	MANDATORY CRITERIA	27
3.4.	EVALUATION CRITERIA.....	27
3.5.	PROPOSAL EVALUATION PROCESS.....	27
3.5.1.	MULTIPLIER SCORE	28
3.5.2.	CRITERIA WEIGHT FACTORS.....	28
3.5.3.	TECHNICAL PROPOSAL EVALUATION.....	29
3.5.4.	COST PROPOSAL EVALUATION	30
3.5.5.	PROPOSAL RANKING.....	30
3.6.	BASIS OF AWARD	30
PART 4:	PROPOSAL REQUIREMENTS AND INSTRUCTIONS.....	32
4.1.	INTRODUCTION	32
4.2.	JOINT PROPOSALS.....	32
4.3.	CONFLICT OF INTEREST AND DISCLOSURE FORM.....	32
4.4.	DISCLOSURE AFFIDAVIT FORM	33
4.5.	VENDOR PERSONAL PROFILE FORM	33
4.6.	CHART OF CORPORATE/BUSINESS OWNERSHIP AND ORGANIZATIONAL CHARTS.....	33
4.7.	ADDITIONAL BACKGROUND INVESTIGATIONS	33
4.8.	VENDOR DIVERSITY INITIATIVES	33
4.9.	RESPECT OF FLORIDA	34
4.10.	DEPARTMENT OF STATE	34
4.11.	CONFIDENTIAL PROPOSAL MATERIALS.....	34
4.12.	AGREEMENT TERMS AND CONDITIONS/PERFORMANCE REQUIREMENTS AND DELIVERABLES.....	35
4.13.	HOW TO SUBMIT A PROPOSAL	35
4.13.1.	PROPOSAL LABELING	35
4.13.2.	PROPOSAL FORMAT.....	36
4.13.3.	PROPOSAL TENURE.....	37
4.14.	TECHNICAL PROPOSAL CONTENT	37
4.15.	COPIES OF PROPOSALS	39
PART 5:	SPECIAL TERMS AND CONDITIONS	40
5.1.	INTRODUCTION	40
5.2.	ORDER OF PRECEDENCE.....	40
5.3.	MFMP REGISTRATION	40
5.4.	FLORIDA SUBSTITUTE FORM W-9 PROCESS.....	41
5.5.	TERM OF AGREEMENT AND RENEWAL OPTIONS	41
5.5.1.	RENEWALS AND EXTENSIONS.....	41
5.6.	COMPENSATION	41

5.6.1.	TAXES	42
5.6.2.	SUBCONTRACTOR AGREEMENTS.....	42
5.6.3.	TRAVEL.....	42
5.7.	TERMINATIONS, NON-RENEWALS, AND SUSPENSIONS.....	42
5.7.1.	TERMINATIONS.....	42
5.7.2.	NON-RENEWALS	42
5.7.3.	SUSPENSIONS.....	43
5.8.	PERFORMANCE BOND.....	43
5.9.	CHANGE IN FINANCIAL CONDITION	43
5.10.	CONFIDENTIAL INFORMATION	43
5.11.	UNSECURED CONFIDENTIAL INFORMATION	43
5.11.1.	SECURITY BREACH OF CONFIDENTIAL PERSONAL INFORMATION.....	44
5.12.	RIGHT OF USE.....	44
5.13.	FINANCIAL CONSEQUENCES FOR NON-PERFORMANCE.....	44
5.14.	LIQUIDATED DAMAGES.....	45
5.14.1.	NOTIFICATION OF LIQUIDATED DAMAGES.....	45
5.14.2.	SEVERABILITY OF INDIVIDUAL LIQUIDATED DAMAGES	45
5.14.3.	WAIVERS OF LIQUIDATED DAMAGES	45
5.14.4.	PAYMENT OF LIQUIDATED DAMAGES	45
5.14.5.	DELAYS AND LIQUIDATED DAMAGES	45
5.14.6.	CATEGORIES OF LIQUIDATED DAMAGES.....	46
5.15.	INSURANCE	46
5.16.	INDEMNIFICATION	47
5.17.	TERMINATION	48
5.17.1.	TERMINATION BECAUSE OF LACK OF FUNDS	48
5.17.2.	TERMINATION FOR CAUSE.....	49
5.17.3.	TERMINATION FOR CONVENIENCE.....	49
5.17.4.	TERMINATION BY MUTUAL AGREEMENT.....	50

Attachments

Attachment A: Operational Security Studies and Evaluation Services Proposal Certification

Attachment B: Business/Corporate References

Attachment C: Procurement Library (Hyperlinked)

Attachment D: Cost Submission and Certification

Appendices

Appendix 1: MUSL Game Security

[Procurement Library \(Attached and Hyperlinked\)](#)

Florida Lottery Overview

Advertising Guidelines

Vendor Diversity Agreement Terms

Mandatory Requirements of Agreement

RESPECT of Florida Agreement Terms

Vendor Personal Profile Form

Disclosure Affidavit

Certification as to a Drug Free Workplace

Conflict of Interest Form

Florida Lottery District Office Locations

Personal Inquiry Waiver

PART 1: OVERVIEW AND REQUIREMENTS

1.1. FLORIDA LOTTERY INTRODUCTION

The Florida Lottery (the "Lottery") is a unique state agency that functions as an entrepreneurial enterprise to generate funds for the enhancement of public education, and that was created to allow the people of the state to benefit from significant additional monies for education while playing the best lottery games available. Consistent with this, it is the mission of the Florida Lottery to maximize revenues in a manner consonant with the dignity of the state and welfare of its citizens.

The [Florida Lottery Overview](#) provides information about the Lottery's contributions to education, game information, retailer base, and sales goals. Additional information about the Lottery may be obtained by visiting its website at: www.flalottery.com.

1.2. DEFINITIONS

Agreement:	<p>The two-party signature document (or three-party in the event a parent company serves as financial guarantor) entered into between the Lottery and the Successful Vendor of this Solicitation. The Agreement will incorporate the terms of all related Solicitation documents including, but not limited to, any addenda to the Solicitation; the Successful Vendor's Proposal; and any provisions added/modified as a result of negotiations.</p> <p>The terms "Contract" and "Agreement" may be used interchangeably.</p> <p>In the event of a conflict in language among any of the documents referenced above, the provisions and requirements of the Agreement will govern.</p>
Authorized Representative:	<p>The owner, corporate officer or director of the Vendor, Substantial Subcontractor, or party authorized to legally bind it in a contractual obligation.</p>
Business Day:	<p>Monday through Friday except legal holidays observed by the State of Florida, Saturdays and Sundays. The terms "working days" and "business days" may be used interchangeably.</p>
Contractor:	<p>The Vendor with whom the Lottery executes an Agreement to provide the required commodities or contractual services pursuant to this Solicitation.</p>
Contract Manager:	<p>An employee of the Lottery's staff who will be responsible for enforcing the performance of the Agreement terms and conditions and serve as a liaison with the Contractor.</p>
Day:	<p>A calendar day.</p>
Fiscal Year (FY):	<p>The Lottery's fiscal year begins July 1 and ends June 30.</p>

Lottery:	The State of Florida, Department of the Lottery.
Principal Place of Business:	The State in which the Respondent’s high-level officers direct, control, and coordinate the Respondent’s activities.
Proposal:	The written response of a Vendor to this Solicitation, including properly completed forms, supporting documents, and attachments.
Request for Proposals (RFP):	The process used to communicate procurement requirements and request responses from interested Vendors. A written or electronically posted solicitation for competitive sealed Proposals to select one or more Vendors for the procurement of commodities or contractual services. The terms “RFP” and “Solicitation” may be used interchangeably.
Respondent:	Any organization or person who submits a Proposal to the Lottery in response to this Solicitation. The terms “Respondent” and “Vendor” may be used interchangeably.
Retailer:	A person and/or his representative who is authorized to sell Lottery tickets in accordance with the Florida Public Education Lottery Act.
State:	The State of Florida and its departments, boards and commissions, officers and employees.
Subcontractor:	Any person or entity other than an employee of the Contractor who provides products or performs any of the services listed in this Solicitation for compensation.
Substantial Subcontractor:	Any subcontractor to which the Contractor subcontracts a substantial portion of the work to be performed under the resulting Agreement, as provided in section 24.111(2)(a), Florida Statutes. This includes related work that is critical to the security, integrity, or operational performance of the Lottery.
Successful Vendor:	The Vendor to whom the Lottery awards and with whom the Lottery intends to execute an Agreement pursuant to this Solicitation.
Vendor:	Any organization or person who submits a Proposal to the Lottery in response to this Solicitation.
Vendor Bid System (VBS):	The State of Florida centralized, internet-based vendor information system, located at: http://www.myflorida.com/apps/vbs/vbs_main_menu .

1.3. GENERAL OVERVIEW OF THE RFP PROCESS

The Request for Proposals (“RFP”) is a method of competitively soliciting a commodity or contractual service under Chapter 287, Florida Statutes. The Department posts the RFP on the Vendor Bid System (“VBS”) to initiate the process.

Respondent’s Proposals must be submitted by the deadline listed in section 1.10: Schedule of Events. The Department will hold a public opening at the date, time, and location noted in the Schedule of Events. All responsive Proposals will be evaluated by taking into consideration the price and other criteria set forth in this RFP. See Part 3 of this RFP.

1.3.1. Respondent Questions

Respondents may submit formal questions in writing to the Issuing Officer prior to the date listed in section 1.10: Schedule of Events. The Lottery will answer the questions in a formal posting. Responses to all written inquiries, including clarifications or addenda, if made to the RFP, will be made through the VBS.

Questions will not constitute formal protest of the specifications or of the solicitation.

1.3.2. Notifications and Library of Procurement Information and Standard Forms

Vendors can ensure their company is registered to receive e-mail notifications of advertisements, addenda and notices by visiting the following link: http://www.myflorida.com/apps/vbs/vbs_main_menu and selecting the “E-mail Notification” link. The commodity code(s) Vendors should register for pertaining to this Solicitation is: 80101500, Business and corporate management consultation services; 80101507, Information technology consultation services; 80101510, Risk management consultation services; 80101513, Process and procedures management consultation service; or 84111600 Audit services.

It is the sole responsibility of Vendors to monitor the VBS, as additional notifications may not be provided when information or materials are added.

Additionally, each applicable document/form identified as a hyperlink in this Solicitation may be accessed from the Library of Procurement Information and Standard Forms (the “Library”), located on the Lottery’s Internet site at: <http://www.flalottery.com/solicitations>. If unable to read or download material from this site, Vendors should contact the Issuing Officer identified in section 1.7.

1.4. SOLICITATION OBJECTIVE

The objective of the Florida Lottery for issuing this RFP is to invite interested vendors to submit Proposals for the provision of comprehensive studies and evaluation of all aspects of the security in the operation of the Lottery, as required in section 24.108(7), Florida Statutes. The goal of these services is to ensure the appropriateness and reliability of the Lottery’s security operations. See Part 2: Scope of Services.

In this RFP, the Lottery has defined a series of objectives, requirements, and a Proposal evaluation approach in conformance with Lottery policies and the Florida Statutes.

The successful Vendor is expected to enter into a written agreement (the “Contract”) with the Lottery within ten (10) business days after receipt of the Contract from the Florida Lottery. At the Lottery’s sole discretion, failure or refusal to do so may result in award of the Contract to another Vendor.

The initial term of the Agreement is for a period of four (4) years with a renewal option of up to four (4) years. See section 5.5: Term(s) of Agreement and Renewal Options.

1.5. SOLICITATION CONSTRUCTION

The headings used in this Solicitation are for convenience only and will not affect the interpretation of any of the terms and conditions hereof.

Throughout this RFP, where it is logical and reasonable to do so, the singular may be read as the plural and the plural as the singular.

The Lottery hereby incorporates by reference the material and attachments contained herein, and addenda to this Solicitation.

Additionally, each applicable document/form identified as a hyperlink in this Solicitation may be accessed from the Library of Procurement Information and Standard Forms (the "Library"), located on the Lottery's Internet site at: <http://www.flalottery.com/solicitations>. If unable to read or download material from this site, Vendors should contact the Issuing Officer identified in section 1.7.

1.6. PROCUREMENT AUTHORITY

Vendors preparing a Proposal should be familiar with the Florida Public Education Lottery Act ("Lottery Act"), which establishes the purpose, powers, duties, and procedural framework of the Lottery. The Lottery Act, Chapter 24, Florida Statutes, may be found at www.leg.state.fl.us.

This Solicitation, and all activities leading toward the anticipated execution of an Agreement, are conducted pursuant to Chapters 24 and 287, Florida Statutes; Rule 53ER07-55; and Chapter 60A-1, Florida Administrative Code, as applicable. The Lottery considers it in the best interest of the State of Florida to acquire the commodities and services described herein through a competitive procurement process.

1.7. ISSUING OFFICER

The Issuing Officer or designee, acting on the Lottery's behalf, is responsible for issuing this Solicitation along with any changes, additional materials, or addenda. The Issuing Officer is the sole point of contact regarding all procurement matters relating to this Solicitation, from the date this Solicitation is Advertised/Released until the Lottery's Notice of Agency Decision.

All communication concerning this Solicitation should be addressed in writing to the Issuing Officer:

Audrey Gregory
Procurement Management
Florida Lottery
250 Marriott Drive
Tallahassee, Florida 32301
Fax: (850) 487-7760
Email: purchasing@flalottery.com

All emails to the Issuing Officer should contain the Project Number in the subject line of the email.

1.8. RESTRICTION ON COMMUNICATIONS

Vendors responding to this Solicitation or persons acting on their behalf may not contact, between the release of the Solicitation and the end of the seventy-two (72) hour period following the Lottery posting the notice of intended award, excluding Saturdays, Sundays, and state holidays, any employee or officer of the executive or legislative branch concerning any aspect of this Solicitation, except in writing to the Issuing Officer or designee. Violation of this provision may be grounds for rejecting a Proposal.

Any such contact by an affiliate, a person with a relevant business relationship with a prospective Vendor, or an existing or prospective subcontractor to a prospective Vendor is assumed to be on behalf of a prospective Vendor unless otherwise shown.

However, during the administrative qualification phase of this Solicitation, in order to cure minor deficiencies, contact and communication between the Issuing Officer and a Vendor which submitted a Proposal is permissible so long as it is by email only.

Also, contact and communication may occur as otherwise identified in this Solicitation or as permitted by law.

1.9. VENDOR CONDUCT REQUIREMENTS

1. By submission of a Proposal, each Vendor warrants that no person or entity has been employed or retained to solicit or secure an Agreement pursuant to this Solicitation upon an agreement or understanding for a commission, percentage, brokerage or contingent fee.

For breach or violation of this warranty, the Lottery will have the right to terminate any Agreement in accordance with the termination clause, and in its sole discretion, to deduct from that Agreement any cost or consideration or otherwise recover the full amount of any such commission, percentage, brokerage or contingent fee.

2. Each Vendor warrants that no attempt will be made to induce any other person or entity to submit or not submit a Proposal for the purpose of affecting competition.
3. Disclosure of Proposal contents by a Vendor or agent of the Vendor prior to the Proposal becoming a public record may result in rejection of the Proposal at the Lottery's discretion.

1.9.1. Hiring and Other Business Relationships with Lottery Personnel

From Advertisement/Release of this Solicitation until the signing of the Agreement, Vendors are prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any Lottery personnel. A Vendor making such an offer or proposition may be disqualified from further consideration, or an Agreement signed pursuant to this Solicitation may be terminated.

1.9.2. Ticket Purchase and Prize Payment Restrictions

If a contract is awarded, no officer or employee of the Contractor with the Lottery for a major procurement, as defined in section 24.103(4), Florida Statutes, no relative living in the same household with such officer or employee, or immediate supervisor of such officer or employee may purchase a Lottery ticket offered in the State of Florida if the officer or employee is involved in the direct provision of goods or services to the Lottery or has access to information made confidential by the Lottery.

The Contractor will ensure that this requirement is made known to each affected individual and will provide the Lottery with an annual list of affected officers and employees.

1.9.3. Hospitality Goods and Services

The Vendor(s) acknowledges the prohibition against acceptance of gifts by Lottery employees, as provided in 53ER12-18, Florida Administrative Code. Consistent with that rule, the Vendor(s) agrees that the acceptance of Hospitality Goods or Services it provides under the Agreement is based on potential use by the Lottery for business development, retailer appreciation, or for the sole purpose of reviewing and auditing a Lottery-sponsored event.

Approval of the acceptance and use of Hospitality Goods and Services provided by the Vendor(s) is at the discretion of the Lottery, consistent with this provision.

“Hospitality Goods and Services” is defined as anything of value including, but not limited to, event tickets, other means of admission to events such as passes, hotel accommodations, meals, receptions, or travel. The Vendor(s) must cooperate with the Lottery by furnishing such credentials and other documentation as may reasonably be required by the Lottery for purposes of ensuring that Hospitality Goods and Services are used in a manner consistent with the Agreement and Lottery procedures; and must fully cooperate in any audits conducted by or on behalf of the Lottery regarding the furnishing or use of Hospitality Goods or Services.

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1.10. SCHEDULE OF EVENTS

The following event dates and times are set forth for informational and planning purposes. The Lottery reserves the right to change any of the dates or times.

EVENT	DUE DATE AND TIME	APPLICABLE INFORMATION AND LOCATION
Solicitation Advertised / Released	August 13, 2019	Posted to the Vendor Bid System at: http://www.myflorida.com/apps/vbs/vbs_w ww.main_menu
Questions Submitted in Writing	Must be received PRIOR TO: Friday, September 6, 2019 5:00 PM ET	Submit to: Florida Lottery Procurement Management Attention: Audrey Gregory 250 Marriott Drive Tallahassee, FL 32301 Fax: (850) 487-7760 Email: purchasing@flalottery.com
Answers to Questions	Tuesday, September 24, 2019 (Anticipated Date)	Posted to the Vendor Bid System at: http://www.myflorida.com/apps/vbs/vbs_w ww.main_menu
Sealed Proposals Due	Must be received PRIOR TO: Thursday, October 17, 2019 3:00 PM ET	Submit to: Florida Lottery Procurement Management Attention: Audrey Gregory 250 Marriott Drive Tallahassee, FL 32301
Sealed Proposals Opened	Thursday, October 17, 2019 3:30 PM ET	PUBLIC MEETING Florida Lottery 250 Marriott Drive Tallahassee, Florida 32301
Evaluation Committee Technical Scoring PUBLIC MEETING	Thursday, November 21, 2019 1:00 PM ET	PUBLIC MEETING for Evaluation Committee to rank the Proposals Florida Lottery 250 Marriott Drive Tallahassee, Florida 32301
Cost Submissions Opening	Thursday, November 21, 2019 3:00 PM ET	PUBLIC MEETING Florida Lottery 250 Marriott Drive Tallahassee, Florida 32301
Notice of Agency Decision Posted	Tuesday, December 17, 2019 (Anticipated Date)	Posted to the Vendor Bid System at: http://www.myflorida.com/apps/vbs/vbs_w ww.main_menu

1.11. ADDENDA OR NOTICES

The Lottery reserves the right to modify this Solicitation by issuing an Addendum. Any notices or addenda to this Solicitation will be posted at the VBS. Potential Vendors must monitor the VBS for addenda or notices issued relating to this Solicitation.

1.11.1. Acknowledgement of Addenda

The Addendum Acknowledgement form included with each addendum issued by the Lottery must be executed by the Vendor’s Authorized Representative and should be returned with the Proposal.

Written acknowledgement of all addenda issued prior to the Solicitation due date will become part of each Vendor’s Proposal.

1.12. VENDOR QUESTIONS

Potential Vendors may submit written questions to the Issuing Officer by email. The deadlines for submission of questions are identified in section 1.10: Schedule of Events. Vendors are requested, but not required, to submit questions in the following format:

RFP Section #	Page #	Question
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Vendors should clearly label question submissions with the relevant title and number of this Solicitation.

Vendors shall not disclose cost information in solicitation questions.

Questions submitted after the date and time specified in section 1.10: Schedule of Events will not be addressed. Any exceptions to terms and conditions should be submitted as written questions and will not be addressed thereafter. Oral questions will not be addressed.

Answers to questions, and any resulting revisions to the Solicitation, will be posted on the VBS as an amendment or addendum.

Questions will not constitute a formal protest of the specifications or of the Solicitation.

1.13. PUBLIC RECORD REQUESTS

Public Record requests submitted in response to this Solicitation will be responded to in accordance with Article I, section 24, Florida Constitution, Chapter 119, Florida Statutes, Chapter 24, Florida Statutes, and applicable laws.

1.14. PROTESTS

Section 120.57, Florida Statutes, applies to this Solicitation, as modified by section 24.109, Florida Statutes.

A formal written protest of the terms, conditions, and/or specifications contained in this Solicitation, must be filed within seventy-two (72) hours (excluding state holidays, Saturdays and Sundays) after the Solicitation is posted.

A formal written protest of the Lottery’s Notice of Agency Decision must be filed within seventy-two (72) hours (excluding state holidays, Saturdays, and Sundays) after the Notice of Agency Decision is posted.

Pursuant to section 287.042(2)(c), Florida Statutes, any Vendor who files a formal written protest must, at the time of filing, post the required bond, payable to the Lottery, in the amount of one percent of the estimated Agreement value. The Lottery will estimate the Agreement value for this purpose. Failure to file a formal written protest accompanied by the required bond within the time prescribed in section 24.109, Florida Statutes, will constitute a waiver of proceedings under Chapter 120, Florida Statutes.

All filings must be made with the Agency Clerk only and are considered "filed" when stamped by the official stamp of the Agency Clerk. It is the responsibility of the filing party to meet all filing deadlines.

Agency Clerk
Florida Lottery
250 Marriott Drive
Tallahassee, Florida 32301

1.15. VENDOR FELONIES, CONVICTED, DISCRIMINATORY AND SCRUTINIZED COMPANIES LISTS

Consistent with Florida Law, no Vendor may be awarded an Agreement if any of the following conditions exist:

1. The Vendor or any of its officers, directors, partners, or trustees have been convicted of, or entered a plea of guilty or nolo contendere to a felony committed in the preceding ten years, regardless of adjudication, unless the Lottery determines that: (i) the Vendor (or such an individual) has been pardoned or the Vendor's (such individual's) civil rights have been restored; (ii) subsequent to such conviction or entry of plea, Vendor (or such an individual) has engaged in the kind of law-abiding commerce and good citizenship that would reflect well upon the integrity of the Lottery; or, (iii) if the Vendor is not an individual, the Vendor has terminated its relationship with the individual whose actions directly contributed to Vendor's conviction or entry of a plea.
2. Vendor's name appears on the convicted or discriminatory vendor lists maintained by the State of Florida, Department of Management Services in accordance with sections 287.133 and 287.134, Florida Statutes.
3. An entity, person or affiliate who has been placed on the discriminatory vendor list or the convicted vendor list following a conviction for a public entity crime may not:
 - submit a bid, Proposal, or reply for an agreement to provide any goods or services to a public entity;
 - submit a bid, Proposal, or reply for an agreement with a public entity for the construction or repair of a public building or public work;
 - submit a bid, Proposal, or reply on leases of real property to a public entity;
 - be awarded or perform work as a contractor, supplier, subcontractor, or consultant under an agreement with any public entity;
 - transact business with any public entity, if on the discriminatory vendor list; and/or
 - transact business with any public entity in excess of the threshold amount provided in section 287.017, Florida Statute, for Category Two for a period of 36 months following the date of being placed on the convicted vendor list.
4. No company on the Scrutinized Companies with Activities in Sudan List; the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List; with business operations in Cuba or Syria; or participating in a boycott of Israel may submit a Proposal for, or enter into an Agreement pursuant to, this Solicitation. In submitting a response to this Solicitation, the Vendor certifies that it is not listed on the Scrutinized Companies with Activities in Sudan List; the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List; does not have business operations in Cuba or Syria; or is not participating in a boycott of Israel. If a Vendor submits a false certification, its Proposal may be deemed non-responsive and any Agreement subsequently entered into with the Lottery may be terminated by the Lottery.

Vendor represents and warrants that it will promptly notify the Lottery if it is placed on the convicted vendor list, the discriminatory vendor list or the scrutinized companies list(s) during the Solicitation process.

1.16. BACKGROUND INVESTIGATIONS AND DISCLOSURES

This section contains the disclosure requirements in subsection 24.111(2), Florida Statutes, which provides that any failure to provide complete, true and accurate information hereunder regarding the required disclosures renders an Agreement unenforceable as a matter of law.

The Lottery will conduct background investigations on all Vendors. In the Lottery's sole determination, Vendors must be determined to have the competence, integrity, background, and character necessary to provide the commodities and services required by this Solicitation. If the Vendor is a subsidiary of a parent entity, the Lottery may request the above disclosures from the parent entity as necessary.

The services requested in this Solicitation have a fundamental role in the operation of the Lottery, and full trust in, and cooperation of, the Successful Vendor is essential to the Lottery's integrity and success.

Vendor background investigations and disclosure information required by this section will, in part, be used by the Lottery in determining Vendor responsibility.

For forms in this section requiring notarization, where the Vendor is located in a country in which a notary public system does not exist, the signature must be authenticated in customary form according to the laws of that country.

1.17. COSTS ASSOCIATED WITH PROPOSAL

Neither the Lottery, nor the State of Florida, will be liable for any costs or liabilities incurred by a Vendor preparing or submitting a Proposal or other vendor costs associated with any other part of the procurement process including, but not limited to preparation, copying, postage, travel, and delivery fees and expenses that may be required by this Solicitation.

1.18. PUBLIC MEETINGS

Public meetings will be handled in accordance with Chapter 286, Florida Statutes. Any person requiring a special accommodation at any public meeting relating to this Solicitation because of a disability should contact the Issuing Officer identified in section 1.7 or use the Florida Relay Service at 1-800-955-8771 (TTY), at least forty-eight (48) hours prior to the scheduled meeting.

1.19. PROPOSAL RECEIPT AND OPENING

Sealed Proposals must be received by the Florida Lottery by the date and time, and at the location specified in section 1.10: Schedule of Events. The State of Florida, Florida Lottery date and time stamp will be the official recorded time of receipt. Electronic Proposals or submissions will not be accepted, except as provided in section 4.15: Copies of Proposals.

Failure of a Vendor to submit its Proposal by the specified date and time will result in rejection of the Proposal, unless the Lottery determines, in its sole discretion, that the failure to timely submit the Proposal is a result of circumstances beyond the control of the Vendor. Proposals that are rejected for being late will be retained by the Lottery.

The public may attend the Proposal Opening, at which time the names of the responding Vendors will be read aloud; however, pursuant to section 119.071, Florida Statutes, the public may not immediately review any submitted Proposal. Vendor Cost Submittals will not be opened at this time.

1.20. DISCLOSURE AND OWNERSHIP OF PROPOSAL CONTENTS BY THE LOTTERY

All matters set forth in a Vendor's Proposal including, without limitation, administrative, proposed commodities/services and cost information, will be subject to disclosure after the Lottery's posting of a Notice of Agency Decision for solicitation award, except as addressed under the section 4.11: Confidential Proposal Materials. All information in a Vendor's Proposal and any Agreement resulting from this Solicitation are subject to the provisions of Florida's Public Records Act, Chapter 119, Florida Statutes, regardless of copyright status. Any and all materials submitted become the property of the Lottery. The Lottery reserves the right to use any and all information contained in a Proposal, including the Proposal of an unsuccessful Vendor, unless prohibited by law.

1.21. WITHDRAWAL FROM CONSIDERATION

The withdrawal of a Proposal from consideration may be requested in writing within five business days after the established submission date and time. Requests received in accordance with this provision may be granted by the Lottery upon proof of impossibility to perform, or based upon an obvious error. Proposals withdrawn from consideration will be retained by the Lottery.

1.22. CLARIFICATION PROCESS

The Lottery may request clarifications from Vendors throughout the Solicitation process in order to resolve ambiguities or question information presented in the Proposals. Clarification responses must be in writing and must only address the information requested.

Vendor clarification responses should be submitted to the Lottery within the time specified by the Lottery at the occasion of the request. Failure of a Vendor to supply the clarifying information requested by the Lottery, within the timeframe specified, may result in the information contained in the clarification response being deemed ineligible for consideration.

1.23. ACCEPTANCE/REJECTION OF PROPOSALS

The Lottery reserves the right, at its sole discretion, to accept or reject any or all Proposals, or separable portions thereof at any time during the Solicitation process; re-solicit for new Proposals; withdraw the procurement; modify the scope of the commodities and services being sought; or award in whole or in part as deemed to be in the best interest of the state.

1.23.1. Rejection of all Proposals

The Lottery reserves the right to withdraw the Solicitation, or reject all Proposals, at any time, including after an award is made, and by doing so the Lottery will have no liability to any Vendor.

1.23.2. Non-Exclusive Rights

Nothing in this Solicitation will preclude the Lottery from performing and obtaining for itself, or from purchasing commodities and/or services as described in the Solicitation from another

Contractor, should the Lottery determine that such an action would be in the best interests of the state.

1.24. PROPOSAL QUALIFICATION AND CURE PROCESS

The Lottery desires maximum competition in procuring commodities and services and as part of the Proposal Qualification process will seek to minimize, if not eliminate, Vendor disqualifications resulting from deficiencies; the curing of which will not affect price or provide a competitive advantage not enjoyed by other Vendors.

Prior to submitting Vendor Proposals to the Evaluation Team for review and scoring, the Lottery will notify each Vendor of curable Proposal deficiencies and provide a timeframe within which Vendors are to provide the requested information. Failure of a Vendor to supply all information requested by the Lottery, within the timeframe established, may result in a determination of non-responsiveness and removal of the Vendor from further consideration.

The Lottery may require disclosure of the information required by section 4.14: Technical Proposal Content from any Vendor or its Subcontractor if the Lottery finds that such disclosure is necessary to protect the dignity and integrity of the Lottery and the best interests of the State. The Lottery reserves the right, at its sole discretion, to deem any proposed Subcontractor as a Substantial Subcontractor.

In order for the Lottery to enter into an Agreement with the Successful Vendor, the Successful Vendor must receive a favorable determination of financial responsibility and pass the Lottery's background investigation.

Pursuant to section 120.57(3)(f), Florida Statutes, in a protest to this Solicitation, no submissions made after the Lottery announces its intent to award an Agreement, reject all Proposals, or withdraw the Solicitation which amend or supplement the Proposal, will be considered.

1.25. VENDORS FINANCIAL REVIEW

Vendors must be determined by the Lottery, at its sole determination, to be financially capable of providing all commodities and services required in this Solicitation and demonstrate, to the satisfaction of the Lottery, that organizational changes affecting the Vendor will not impede such capability.

Vendors must provide, and should submit with the Proposal, complete financial statements certified by an external auditor that are in conformity with U.S. Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS) for the two most recent fiscal years. Vendors whose stock is traded on a national stock exchange must provide their most recent annual filing (e.g., Form 10-K), as well as their most recent quarterly filing (e.g., Form 10-Q, etc.) if filed subsequent to the most recent annual filing.

If a Vendor submits a consolidated financial statement of its parent corporation, the parent corporation must serve as the Vendor's financial guarantor, execute the Agreement as guarantor and will be held accountable for all terms and conditions of the Agreement. The Lottery will hold all parties jointly and severally responsible for carrying out all activities required by the Agreement.

Certified financial statements are the result of an audit of the entity's records in accordance with US GAAP or IFRS by an independent certified public accountant (CPA). In order to be considered complete, certified financial statements must be comparative for two years and must include a balance sheet, income statement, statement of cash flows, statement of retained earnings, notes to the financial statements for both years, and any management letters that have been received.

Financial documents must be in English with reference to currency stated in U.S. Dollars. The Lottery will only consider certified financial statements in the currency and language specified in this Solicitation.

If a Vendor experiences a material change in financial condition and/or ownership, or experiences material financial irregularities during the Solicitation process, such changes, including a clear delineation and explanation of said changes, must be provided, and should be submitted immediately upon identification, to the Issuing Officer identified in section 1.7. Any change in financial guarantor made during the Solicitation process requires written notification to the Lottery at least 180 days prior to the date of the effective change. The Lottery reserves the right to require certified financial statements and other records related to such changes.

The Lottery reserves the right to require submission of certified financial statements completed during the Solicitation process, as well as any additional financial information required by the Lottery in connection with this Solicitation.

1.26. INFORMATION FROM OTHER SOURCES

The Lottery reserves the right to seek and obtain credible and authoritative information from outside sources regarding the Vendor, the Vendor's offerings, capabilities, references, and the Vendor's performance, if the Lottery deems such information pertinent to this Solicitation. The Lottery may consider such information throughout the Solicitation process, including but not limited to evaluation of the Vendor's Proposal. This may include, but is not limited to, the Lottery engaging consultants, subject matter experts and others to ensure that the Lottery has complete and accurate information pursuant to this Solicitation.

1.27. NON-RESPONSIVE PROPOSALS

Each Vendor must timely submit a Proposal that conforms in all material respects to this Solicitation. The Lottery reserves the right to determine whether a Proposal meets the material requirements of this Solicitation. The Lottery also reserves the right to waive any minor irregularities. A minor irregularity is a variation from the Solicitation that does not give one Vendor a competitive advantage over other Vendors.

Proposals that do not conform in all material respects to this Solicitation will be rejected as non-responsive. Further, in accordance with section 4.12: Agreement Terms and Conditions/Performance Requirements and Deliverables, Vendors unconditionally accept each and every provision of this Solicitation including, but not limited to, the special terms and conditions in Part 5: Special Terms and Conditions in order to be deemed responsive and eligible for award.

Requests for changes to terms and conditions of the Agreement may be addressed through the question and answer process, submitted pursuant to section 1.12: Vendor Questions.

Acceptance of the Terms and Conditions, including any modification by addendum or express change through an answer to a question submitted pursuant to section 1.12: Vendor Questions, is a material requirement of this Solicitation and will be deemed evidenced by submission of a Proposal.

1.28. DISQUALIFICATION FOR NON-RESPONSIBILITY

A Vendor will be rejected as non-responsible if the Vendor is determined by the Lottery to lack the capability to fully perform the Agreement requirements, and/or lack the integrity, security, reliability, and/or financial responsibility that will assure good faith performance throughout the term of the resulting Agreement(s). Business stability and wherewithal to perform and support the Lottery are required.

1.29. COST SUBMISSION OPENING

Cost Submissions will be opened with the names of the responding Vendors read aloud and recorded in a public meeting.

1.30. NOTICE OF AGENCY DECISION

At the conclusion of Evaluations, the Lottery will post a Notice of Agency Decision on the VBS at: http://www.myflorida.com/apps/vbs/vbs_main_menu. The Lottery will award to the responsive, responsible Vendor(s) determined by the Lottery to have the highest ranking during Evaluations.

A Notice of Intent to Award under this Solicitation will not constitute or form any Agreement between the Lottery and a Vendor. No Agreement will be formed until such time Vendor and the Lottery formally execute an Agreement with requisite written signatures. Furthermore, execution of an Agreement does not guarantee placement of an order for commodities and services from the Lottery.

1.30.1. Reserved Rights after Notice of Agency Decision

The Lottery reserves the right, after posting notice thereof, to withdraw or amend its Notice of Intent to Award at any time prior to execution of an Agreement.

1.31. AGREEMENT EXECUTION

The Successful Vendor(s) should be prepared to enter into a written Agreement with the Lottery promptly after receiving the draft Agreement from the Lottery; and any failure or refusal to do so may, in the sole discretion of the Lottery, result in award of the Agreement to another Vendor.

The contents of this Solicitation and any resulting addenda, and the Successful Vendor's Proposal will become contract obligations if an Agreement ensues.

1.31.1. Availability of Funds

The State of Florida's and the Lottery's performance and obligation to pay under the Agreement resulting from this Solicitation are contingent upon an annual appropriation by the Florida Legislature.

END OF SECTION

PART 2: SCOPE OF SERVICES

2.1. GENERAL INFORMATION

The Lottery is required by section 24.108(7), Florida Statutes, to engage an independent firm, experienced in security procedures, to conduct a comprehensive study and evaluation of all aspects of security in the operation of the Department. The Lottery desires to contract with the Vendor whose Proposal best demonstrates the capability to review and evaluate all aspects of the Lottery's operations, including but not limited to: facilities and procedures used to provide physical security (hardware and software); systems security; information system security; internal operations security; and information security. It should be noted that the Contractor and its subsidiaries will be prohibited from providing corrective or mediating solutions as a result of any findings.

2.2. BACKGROUND INFORMATION

The Florida Lottery, Division of Security, has established an effective security system for monitoring its headquarters and remote locations. The security personnel are supported by the integrated security system (ISS), which provides card key access control to all Lottery facilities. Authorizations are granted and deleted by an administrator of the ISS. The ISS is integrated statewide through a network and provides real time monitoring of all Lottery facilities to enable instantaneous response to problems.

The Lottery joined the Multi-State Lottery Association (MUSL) and beginning January 2009, added the Powerball game to its mix of games. MUSL requires participating lotteries to meet minimum game security standards. As the Contractor conducts this security evaluation of the Lottery, compliance with the MUSL rules must be considered. **Appendix 1: MUSL Game Security** contains MUSL's minimum game security requirements.

2.3. SCOPE OF SERVICES

The Lottery undergoes financial audits by the Florida Auditor General; operational efficiency reviews conducted by the Office of Program Policy Analysis and Government Accountability; and program area audits conducted by the Lottery's Office of Inspector General. The Lottery requests that the Contractor consider the audits performed by these entities as well as any Statement on Standards for Attestation Engagements No. 18 (SSAE 18) report available from critical Vendors identified by the Lottery to determine the completeness of the evaluations, to identify omissions or deficiencies and to minimize replication of scope of services already provided. This review will be limited to audits conducted during the two (2) years prior to the start of each evaluation performed under this Contract. The review of existing audits and the evaluation performed by the Contractor shall be based on Lottery industry standards and best practices, government standards [including the National Institute of Standards and Technology (NIST) 800-53 standard for computer security] and Multi-State Lottery Association (MUSL) standards.

Comprehensive studies and evaluations performed under this contract are to ensure that significant high-risk activities and supporting areas are examined and tested, as appropriate, to determine the adequacy of controls to mitigate risks and reduce exposure to loss. Before each security study and evaluation begins, the Lottery will meet with the Contractor and discuss changes in operations since the last security study and evaluation, audits conducted by other entities in the previous twenty-four (24) months, risk-based issues that could identify significant vulnerabilities in Lottery operations, and operational controls and security processes identified in this RFP.

Any issues and recommendations identified in the study and evaluation should leverage emerging trends and tools against current operations. All items listed below should be included in each comprehensive study and evaluation:

- A. Security controls including but not limited to physical security;
- B. Security of game drawings, including Second Chance and promotional drawings;
- C. Logical and computer security (hardware, software and applications);
- D. Security of gaming and critical vendors' operations;
- E. Security equipment and supplies inventory management;
- F. Security against locating winners for games having predetermined winners;
- G. Security against ticket counterfeiting, alterations and other means of fraudulently winning;
- H. Validation and prize payment security, including Second Chance and promotional drawings;
- I. New game security;
- J. Retailer security; and
- K. Other aspects of security applicable to the Lottery and its operations.

The sections below reflect the scope of services as currently intended by the Lottery and should be used for the purposes of preparing the Vendor's Proposal. However, the Lottery reserves the right at any time prior to contract award or during the term of the Contract, to amend the scope of services as may be necessary or desirable based on changes in technology, changes in operations, or other conditions that cannot be foreseen at this time. In the event that such changes in the scope of services occur during the term of the Contract, the Lottery reserves the right to re-negotiate the Contractor's compensation accordingly.

2.3.1. Lottery Security

2.3.1.1 Security Division Personnel

The Contractor shall review policies, procedures and practices used to ensure the integrity and reliability of the Division of Security employees, including but not limited to:

- An evaluation of the organization and staffing of the Division of Security. The Contractor shall evaluate the adequacy of current and proposed staffing plans to complete the Division's mission, and make specific recommendations, if applicable, for changes that would strengthen the Division's ability to ensure the security and integrity of the Lottery.
- An evaluation of job functions and descriptions. The Contractor shall evaluate whether existing descriptions are appropriate to the functions being performed and whether the current staffing levels are sufficient to perform security related functions.
- An evaluation of orientation and training procedures. The Contractor shall determine the adequacy and appropriateness of these procedures for the function being performed.
- An evaluation of equipment available to the Division. The contractor shall evaluate the adequacy of such equipment, and make specific recommendations as to suggested specifications for additional or replacement equipment if the Contractor determines that such is necessary.

2.3.1.2 Lottery Premises Security

The Contractor shall perform an evaluation of the physical security of the Lottery and make a recommendation as to its operational suitability. This evaluation shall include, but is not limited to, the policies, procedures and physical and

administrative controls relating to physical security. The Contractor, at a minimum, shall evaluate the following areas separately:

- Lottery Headquarters
- Back-up Data Center
- Production Studio (currently Video Communications Southeast)
- Movement of personnel into, and within, Headquarters, including secured areas, and the Lottery Warehouse
- District Offices

2.3.1.3 Physical Security Computer System

The Contractor shall evaluate and test the hardware and software components of the ISS and related procedures and make a determination as to their operational suitability, including, but not limited to, the ability of the system to provide reasonable security from unauthorized access and tampering.

2.3.1.4 Security of Game Drawings

The Contractor shall review the policies, procedures and practices associated with Lottery game drawings and make a determination as to their operational suitability. This review shall include Second Chance Promotion(s) and other promotions offered as game drawings.

2.3.1.5 Security of Gaming Vendors Operations

The following items should be applied to the Lottery and its gaming vendors to include on-line games and scratch-off tickets:

1. Security of Gaming Vendor(s) and Operations

The Contractor shall review the gaming vendor's and the Lottery's policies, procedures and practices for controlling the accuracy, integrity, and reliability of the scratch-off ticket vendor. This will include the printing, telemarketing, distribution functions, incident response, and internal control system.

2. Physical Security

The Contractor shall review the policies, practices and procedures of the gaming vendors and the Lottery with regard to the following areas of gaming security. The Contractor shall make a determination as to the operational suitability of the policies, practices, and procedures. These areas include, but are not limited to:

- Physical security protection of the computer facilities and associated equipment at the gaming vendors' computer facilities currently located in Tallahassee and Orlando, Florida; Alpharetta, Georgia, and Clifton, New Jersey and all affiliated locations for the Gaming Systems Vendor throughout the state.
- The disaster recovery, incident response, and emergency plan in place.
- Physical security practices established to prevent the disclosure, alteration, theft, loss or destruction of confidential or sensitive material (negotiable documents, game control information on storage media or files, etc.) in transit between vendor's premises, Lottery premises, district offices, warehouses and Retailer premises.

- Internal control system.
- Inventory of assets (i.e., hardware/software).

2.3.1.6 **Administrative Security/Gaming Vendors**

The Contractor shall review the gaming vendors policies, practices and procedures for the following areas to determine their operational suitability:

1. Personnel management, including, but not limited to:
 - a. Standards of conduct;
 - b. Job design to ensure that job descriptions are appropriate to the function to be performed and that sufficient personnel are available to perform security related functions;
 - c. Non-disclosure or confidentiality;
 - d. Separation of duties;
 - e. Pre-employment procedures;
 - f. Orientation and training; and
 - g. Termination procedures.
2. Computer operations policies and procedures established to ensure the accuracy, integrity and reliability of on-line and scratch-off game processes.
3. Security access management policies and procedures established to ensure the accuracy, integrity and reliability of on-line and scratch-off game processes.
4. Policies and procedures established to guard against fraudulent winning, including, but not limited to, controls to detect counterfeiting and alteration of tickets.
5. Computer system design and development policies and procedures, such as documentation standards.

2.3.1.7 **Administrative Security/Lottery**

The Contractor shall review the Lottery's policies, practices and procedures in the following areas to determine their operational suitability:

1. Lottery employee integrity and reliability, including, but not limited to:
 - a. Standards of conduct;
 - b. Job design to ensure that job descriptions are appropriate to the function to be performed and that sufficient personnel are available to perform security related functions;
 - c. Separation of duties;
 - d. Pre-employment procedures;
 - e. Orientation and training; and
 - f. Termination procedures.
2. Computer operations policies and procedures established to ensure the accuracy, integrity and reliability of on-line game and scratch-off game processes.
3. Security access management policies and procedures established to ensure the accuracy, integrity, and reliability of user capabilities within the gaming systems.
4. Policies and procedures established to guard against fraudulent winning, including, but not limited to:
 - a. Controls to detect counterfeiting and alteration of tickets.

- b. Controls to detect/prevent alteration of claim forms, and the deliberate entry of false claim information through the validation and payment process.
- 5. Internal Control System (ICS) control policies and procedures for on-line game processing.

2.3.1.8 Logical Security

The Contractor shall review the existing logical security for both the Lottery and its gaming vendors, including, but not limited to, the following areas:

- a. User authentication;
- b. Access control;
- c. Telecommunications;
- d. Backup and recovery;
- e. File transfers;
- f. Website;
- g. LAN/WAN; and
- h. Lottery and vendor networks.

2.3.1.9 Lottery Applications, Communications and Operations Systems

The Contractor shall evaluate the security and internal control aspects of the Lottery's information processing functions including hardware and software policies and procedures. Such review shall include, but not be limited to, the following:

- 1. System and application software controls established to limit access to sensitive resources only to authorized persons.
- 2. Physical and software controls established to prevent unauthorized interception, modification or destruction of telecommunication traffic.
- 3. Software controls established to limit access to sensitive data (fields, records, files, databases, screens, reports, etc.) only to authorized persons with appropriate access (read, update, etc.).
- 4. Administrative controls established to augment the software controls outlined in items 1 through 3 above.

2.3.1.10 Information Security and Network Management

The Contractor shall review the information security practices and procedures used to maintain and control the Lottery's computer systems, including, but not limited to:

- 1. Review of network security controls and network operations. The review will assess the adequacy of controls and focus on providing secure and efficient usage of the Lottery's network and communications software. The Contractor will provide specialists with experience in the field of network products and telecommunications to conduct the review of network security controls and operations.
- 2. Review of the data security access control paths to mission critical application software systems and associated transaction processes. The Contractor will perform an inventory of key data access points in mission critical applications and assess overall controls for continuity.

3. Review of the security control options and customization of the Lottery's operating system software implementation for the applicable operating systems. The Contractor will provide specialists with experience in the Lottery's operating platforms to conduct this review.
4. Review of the Lottery Orlando Data Center. The Contractor will inspect the facility and assess the quality of security controls for the physical and logical access to the computers. The Contractor will identify mission critical access requirements to the systems and evaluate the security of related network connections.
5. Review of the monitoring and reporting of the Lottery's network security. The Contractor will provide specialists with experience in the Lottery's operating platforms to conduct this review.

2.3.1.11 Security Involving Returned Tickets

The Contractor shall evaluate the policies, procedures and practices established to ensure the completeness and integrity of unsold and returned ticket destruction.

2.3.1.12 Security Against Ticket Counterfeiting and Alterations and Other Means of Fraudulently Winning

The Contractor shall review controls established to prevent and detect counterfeiting and alteration of tickets, as well as controls established to prevent the alteration of claim forms and controls over the deliberate entry of false claim information into the validation process.

2.3.1.13 Security in Distribution

The Contractor shall review the policies, procedures and practices established to prevent the disclosure, alteration, theft, loss, or destruction of confidential or sensitive material (shipment records, negotiable documents, ticket or book reconstructs, new game working papers, control information on magnetic tape, etc.) in transit between vendor's premises, Lottery premises, District Offices and Retailers.

2.3.1.14 Retailer Security

The Contractor shall review the policies, procedures and practices established to detect and prevent retailers from defrauding players, including, but not limited to:

1. Review of the processes for recruiting, reviewing, contracting, suspending, and terminating Lottery retailers.
2. Review of Lottery's efforts to reduce and monitor fraud at retail locations.

2.3.1.15 Security Involving the Accuracy, Integrity and Reliability of Ticket Book and Roll Stock Inventory Records

The Contractor shall review the policies, procedures, and practices established to ensure the accuracy, integrity and reliability of ticket book and roll stock inventory records.

2.3.1.16 Any Other Aspects of Security Applicable to the Lottery and Its Operations

The Contractor may propose to review any additional aspects of security which the Contractor may deem necessary to the accomplishment of the project's objectives or which may increase the value of the project to the Lottery. The Contractor will

not be compensated for the review of additional aspects unless the Lottery has agreed, in writing, to such reviews prior to any additional work being performed.

2.3.2. Coordination with Auditors

The Lottery is audited by several entities, including the Auditor General's Office, independent certified public accountants under contract to the Legislative Auditing Committee, and the Lottery's Office of Inspector General. Also, the Lottery engages certified public accounting firms to provide opinions relating to the Lottery's compliance with all prize-drawing procedures. The Contractor may be required to coordinate its activities with these auditors.

2.3.3. PROGRESS REPORTS

The Contractor shall provide a timeline schedule at the onset of each engagement. The Contractor shall provide a copy of a confidential progress report to the Contract Manager (or designee) every week beginning two (2) weeks after the project start date, unless more frequent reports are requested. Each progress report shall indicate the current status of the work being performed, interim findings, difficulties or special problems (so that remedies can be developed as soon as possible).

2.3.4. EMERGENCY MATTERS

Any security matters coming to the attention of the Contractor, that in the judgment of the Contractor may require immediate action to ensure Lottery security, shall immediately be brought to the attention of the Contract Manager, and the matter shall be documented in the Contractor's next scheduled progress report.

2.3.5. DELIVERABLES (PRELIMINARY AND FINAL REPORTS)

In compliance with section 24.108(7), Florida Statutes, the Contractor shall provide two (2) final reports. The first report will contain an overall evaluation of each aspect of security in the Lottery and shall be routed to the contract manager for presentation to the Secretary for transmittal to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The second report will be a confidential document providing specific recommendations regarding the Lottery's security and shall be given to the contract manager for the Secretary's transmission to the Governor and the Auditor General. Each final report will be preceded by a preliminary report.

The first preliminary report will contain an overall evaluation of each aspect of security in the Lottery. The second preliminary report will be a confidential document and will provide specific recommendations regarding the Lottery's security systems and operations. The preliminary reports from the first evaluation conducted in FY 2021-2022 shall be delivered to the Lottery no later than May 10, 2022, and the final reports shall be delivered to the Lottery no later than June 25, 2022. The delivery schedule for fiscal year 2023-24 and subsequent evaluations will be established during the second quarter of the fiscal year in which the evaluations are to be conducted. The Florida Lottery's fiscal year is July through June.

2.3.5.1 REPORT FORMAT

All required reports shall conform to the following description. All itemized recommendations must be numbered, and all recommendations shall be charted with associated risk levels. Each page of the original reports shall be marked with the word "Original" in red, ½ inch letters, in the upper right-hand corner. The report providing specific recommendations as set forth in section 2.3.5, and the progress

reports specified in section 2.3.3, shall additionally have each page of the original and all copies marked with the word “Confidential” in red, ½ inch letters, at the bottom. The Lottery reserves the right to use and reproduce all reports and data produced and to disseminate the same to persons within the Lottery and other appropriate parties.

2.3.6. PRESENTATION

Upon request, the Contractor shall meet with the Contract Manager or designee(s) to present, clarify, or discuss the findings, conclusions, and recommendations of the Contractor.

2.4. CONTRACT FORMATION

Contract award will be made pursuant to section 3.6: Basis of Award. The prospective Agreement will consist of this RFP, its attachments, addenda, and the pricing submitted by the awarded Respondent. No additional documents submitted by a Respondent will be incorporated in the Contract. During the solicitation period, the Department may specifically identify and incorporate by reference any additional documents which are to be incorporated into the Agreement.

END OF SECTION

PART 3: PROPOSAL EVALUATION PROCESS AND METHODOLOGY

3.1. INTRODUCTION

The Lottery will evaluate and score responsive Proposal(s) submitted by responsible Vendor(s) to determine the most advantageous Proposal. The ability of the Lottery to evaluate a respondent's Proposal is dependent upon the completeness of the Proposal. Failure of a respondent to provide information requested by this RFP may result in a reduction in scoring during the evaluation. The Lottery may accept or reject any and all Proposals, waive any minor irregularity, technicality, or omission if the Lottery determines that doing so will serve the State's best interest.

3.2. EVALUATION TEAM

The role of the Lottery's Evaluation Team will be to conduct a comprehensive, fair, and impartial evaluation of Proposals received in response to this RFP. The Evaluation Team will consist of at least three (3) persons who collectively have experience and knowledge in the program areas and service requirements sought. See section 3.5: Proposal Evaluation Process for information on the evaluation process.

3.3. MANDATORY CRITERIA

All timely responses will be reviewed to determine responsiveness with the requirements of the RFP, in particular the response requirements in Part 4: Proposal Requirements and Instructions, and responsibility. The responsiveness review will assess compliance with the Proposal submission requirements, including responsiveness to terms, conditions and requirements. The responsibility review will assess the conflict of interest information, corporate/business references, and other documents submitted in response to this RFP to determine the Vendor's capability to perform the Contract requirements, and its demonstration of sufficient financial responsibility, security, integrity, and reliability to assure good faith performance.

Vendors must complete and sign the Attachment D: Cost Submission and Certification form, executed by an Authorized Representative of the Vendor, and should return it separately from their Proposal. See section 4.13: How to Submit a Proposal for specific instructions on submitting this form.

Failure to complete the above form as required may result in the Vendor's Proposal being deemed non-responsive.

3.4. EVALUATION CRITERIA

The Lottery will evaluate responsive Proposals submitted by responsible Vendors against all evaluation criteria set forth in section 4.14: Technical Proposal Content, in order to determine the Proposal most advantageous to the Lottery.

3.5. PROPOSAL EVALUATION PROCESS

The Lottery will evaluate Proposals in two (2) phases after the administrative review is completed. The two (2) phases are:

Phase I	Technical Proposal Evaluation	450 points maximum
Phase II	Cost Proposal Evaluation	50 points maximum

TOTAL AVAILABLE POINTS: 500

The Lottery reserves the right to obtain, from sources other than the Vendor, information concerning a Vendor, the Vendor's offerings and capabilities, and the Vendor's performance, that the Lottery deems pertinent to this RFP and to consider such information in evaluating the Vendor's Proposal.

A weighted scoring system will be used in the evaluation of Technical Proposals as described below.

3.5.1. Multiplier Score

For each criterion in section 4.14: Technical Proposal Content, each Evaluator, working independently, will award a numerical score of a whole number from 1 through 5 that represents the Evaluator's assessment of the relative merits of the Proposal as described below:

Score Description

- 5 The Vendor's Proposal was outstanding for this criterion, and the Evaluator could not determine any significant limitations or concerns.

- 4 The Vendor's Proposal was good for this criterion, and the Evaluator could determine only minor limitations or concerns.

- 3 The Vendor's Proposal was fair for this criterion, and the Evaluator could determine limitations or concerns.

- 2 The Vendor's Proposal was poor for this criterion, and the Evaluator could determine serious flaws and concerns.

- 1 The Vendor's Proposal was found by the Evaluator to be so severely flawed for this criterion as to render an essential element of the criterion unworkable.

The multiplier scores of all Evaluators for each criterion will be added together and then divided by the number of Evaluators to arrive at an average multiplier score for each criterion for each Vendor. (Scores are rounded to the nearest whole number based on the general rule that if the number being rounded is 5 or greater, round the number up. If the number is 4 or less, round the number down.)

3.5.2. Criteria Weight Factors

The weight factors for the criteria are:

<u>Section Reference</u>	<u>Summary Description</u>	<u>Weight Factor</u>
4.14, Tab 2	Vendor's Proposed Solution	35
4.14, Tab 3, a.	Company Experience	25

4.14, Tab 3, b.	Personnel Qualifications	20
4.14, Tab 3, c.	Business/Corporate References	10

The weight factor for each criterion will be multiplied by the average multiplier score determined pursuant to subsection 3.5.1: Multiplier Score to arrive at the Vendor's total score for that criterion. The criterion scores will be added together to determine a Vendor's total Technical Proposal Score. The maximum number of available points for this section is 450.

Vendors will be ranked in descending numerical order based upon their technical Proposal scores.

Vendors are cautioned that every criterion is important and that a poor response to a lesser-weighted criterion still can have a significant impact on the Vendor's final score as compared with other Vendors' scores.

3.5.3. Technical Proposal Evaluation

A. Tab 1 Cover Letter

B. Tab 2 Vendor's Proposed Solution

Evaluation of the Respondent's proposed solution will be based upon information contained in the entire Proposal, but primarily on the information addressing sections 2.3.1 through 2.3.6. Evaluators will consider the following questions:

- 1) How well does the summary of the solution, and the explanation of why it is the best solution for the state, address and meet the goals, needs, and expectations outlined in section 2.3: Scope of Services?
- 2) How well does the Respondent understand the goals the Lottery is wanting to achieve via this solicitation?

C. Tab 3 Vendor Qualifications

a. Company Experience

Evaluation of the Respondent's experience and ability to provide service will be based upon information contained in the entire Proposal, but primarily on the information contained in Tab 3, a. of the Proposal. Evaluators will consider the following questions:

- 1) Has the Respondent demonstrated via the Proposal that it has experience in performing contracts of similar size and scope for operational security studies and evaluation services sought?
- 2) How well did the Respondent convey the ability to provide these services?
- 3) Are there any issues or concerns identified regarding Respondent's experience and ability to provide these services?

b. Personnel Qualifications

Evaluators will consider the following questions when reviewing the Vendor's proposed personnel:

- 1) How relevant are the qualifications and experiences of Vendor's staff to services sought via the RFP?

- 2) How well do the proposed resumes demonstrate knowledge, skills and abilities in areas related to services sought via the RFP?
- 3) How well do the Vendor's proposed staff qualifications demonstrate Respondent's ability to provide the requested services?
- 4) Are there any issues or concerns identified in proposed Vendor's staff? by the references?

c. Business/Corporate References

Evaluators will consider the following questions when reviewing the vendor's references:

- 1) How relevant are the services described in the references to the services sought via the RFP?
- 2) How well do the references demonstrate Respondent's experience in performing contracts of similar size and scope for the services sought?
- 3) How well do the references demonstrate Respondent's ability to provide the requested services?
- 4) Are there any issues or concerns identified by the references?

3.5.4. Cost Proposal Evaluation

A. Cost Submission (50 points maximum)

The Department will consider the total cost for each year of the Contract, including renewal years, as submitted by the Vendor on Attachment D: Cost Submission and Certification. Terms of Agreement and renewal options are outline in section 5.5: Terms of Agreement(s) & Renewal Options.

B. Scoring Determination

The Department will score Cost Submissions in the following manner:

<u>Cost Description</u>	<u>Score Granted</u>
Lowest Total Cost	50
Second to Lowest Total Cost	30
Third to Lowest Total Cost	10
Fourth Lowest Total Cost and all other	0

3.5.5. Proposal Ranking

The Lottery will combine the points for the technical proposal and cost proposal to determine the total score for each eligible Proposal, the highest of which will be the apparent overall preferred Proposal.

3.6. BASIS OF AWARD

The Lottery will award to the responsive, responsible Vendor(s) determined by the Lottery to have the highest score after proposal ranking based on section 3.5: Proposal Evaluation Process. The Lottery reserves the right to award regional contracts, for all or for part of the work contemplated by this solicitation.

The Lottery reserves the right to accept or reject any and all offers, or separable portions, and to waive any minor irregularity, technicality, or omission if the Department determines that doing so will serve the best

interest of the state. The Department has the right to use any or all ideas or adaptations of the ideas presented in any Proposal. Selection or rejection of a Proposal will not affect this right.

Proposals that do not meet all requirements, specifications, terms, and conditions of the solicitation or fail to provide all required information, documents, or materials may be rejected as nonresponsive. Respondents whose Proposals, past performance, or current status do not reflect the capability, integrity, or reliability to fully and in good faith perform the requirements of a contract may be rejected. The Department may request additional information pertaining to the Respondent's ability and qualifications to accomplish all services described in this RFP as deemed necessary during the solicitation or after contract award.

END OF SECTION

PART 4: PROPOSAL REQUIREMENTS AND INSTRUCTIONS

4.1. INTRODUCTION

This Part contains the requirements and instructions to Vendors on how to prepare Proposals. Each original Proposal must contain the original signature of an authorized representative who can legally bind the Vendor in a contractual obligation. Each Proposal should be typed. Each Proposal should be submitted with Vendor's name and page number on each page.

Each Proposal should provide a transmittal letter that identifies the submission as "Proposal for Operational Security Studies and Evaluation Services." The transmittal letter should identify the Vendor, its address, telephone number, fax number, email address if applicable, and the name and title of the authorized representative submitting the Proposal. The letter should identify any and all joint proposing firms and/or Substantial Subcontractors. The transmittal letter should identify the names and telephone numbers of the persons to be contacted regarding the Vendor's security and financial information requested in this solicitation.

In addition, Attachment A: Operational Security Studies and Evaluation Services Proposal Certification shall be completed in its entirety and submitted with the transmittal letter.

4.2. JOINT PROPOSALS

Two (2) or more firms may submit a joint Proposal in response to this RFP. If a joint Proposal is submitted, the Proposal shall fully define the responsibilities that each firm is proposing to undertake. One firm shall be designated as the primary firm. All firms and their authorized representatives shall be identified in the transmittal letter, and all authorized representatives shall sign the transmittal letter. The Proposal shall designate a single authorized official from one of the joint firms to serve as the sole point of contact between the Lottery and the joint responding firms. Any Contract resulting from the joint Proposal shall be signed by principals or officers of each firm. The Lottery shall hold all firms jointly and severally responsible for carrying out all activities required by the Contract.

A Vendor may submit only one (1) Proposal or be included in one (1) joint Proposal. A Vendor who submits a Proposal in its own name may not also submit a joint Proposal with another firm, nor may it submit a second Proposal in its own name. In the event multiple Proposals are submitted, the Lottery will consider only the Proposal received first.

4.3. CONFLICT OF INTEREST AND DISCLOSURE FORM

The Authorized Representative(s) of each Vendor must complete the information requested on the [Conflict of Interest and Disclosure Form](#), **or** if no disclosures are necessary select "By checking this box, I certify there are no disclosures to make for this section" for each question on the form.

Replies from Vendors who have active client relationships that would pose a conflict of interest with the Lottery will not be eligible for consideration, except if a Vendor certifies in its Proposal that it will sever its active client relationship should it be awarded the Solicitation. Vendors must provide a clarifying explanation on an attachment to the [Conflict of Interest and Disclosure Form](#) if they believe a potential conflict of interest may apply or may be perceived to apply.

4.4. DISCLOSURE AFFIDAVIT FORM

Vendors and their Substantial Subcontractor(s) authorized Corporate Officer, must execute a notarized [Disclosure Affidavit](#) as required by subsection 24.108(4), and section 24.111, Florida Statutes.

Additionally, if the Vendor is not the financial guarantor of a resulting Agreement, the financial guarantor must also execute a notarized [Disclosure Affidavit](#).

4.5. VENDOR PERSONAL PROFILE FORM

If a Vendor is a sole proprietorship or general partnership, the individual owner or each individual partner must execute the [Vendor Personal Profile Form](#).

All other Vendor(s) will be notified by the Lottery, throughout the Solicitation process, of individuals who must complete a notarized [Vendor Personal Profile Form](#) and obtain a fingerprint card. A date for submission of these forms will be provided. Failure of a Vendor to supply all of the requested [Vendor Personal Profile Forms](#) for itself by the date established by the Lottery may cause the Proposal to be found non-responsive.

For publicly traded corporations, background investigations will be conducted on shareholders of five percent or more.

4.6. CHART OF CORPORATE/BUSINESS OWNERSHIP AND ORGANIZATIONAL CHARTS

Vendors must provide an accurate and current Chart of Corporate/Business Ownership for themselves, including parent company(s), and subsidiary companies.

Additionally, Vendors must provide and should submit organizational charts for the Vendor that include all of the individuals identified on the [Disclosure Affidavit](#) (Corporate Officers and Directors) with associated titles and any personnel performing 50 percent or more of their work on the Lottery account (“Key Personnel”).

Additionally, Vendors must provide and should submit a complete history of its structure for the past five years including, but not limited to, information on all mergers, sell-offs, buy-outs, and other related transactions. Vendor Replies should identify the business reasons for these decisions.

4.7. ADDITIONAL BACKGROUND INVESTIGATIONS

The Lottery reserves the right to conduct background investigations pursuant to Chapter 24, Florida Statutes and as set forth above on any officer, principal, investor, owner, subcontractor, employee, or any other associate of a Vendor it deems appropriate.

Prior to working on the Lottery account, all key personnel performing services thereunder and as designated by the Lottery must undergo a background investigation by the Division of Security. Each designated individual will be fingerprinted and will be required to complete and provide to the Lottery a [Disclosure Affidavit](#) and [Personal Injury Waiver](#) form.

4.8. VENDOR DIVERSITY INITIATIVES

The State of Florida is committed to supporting its diverse population by providing increased opportunity and diversity in State contracting processes. At a minimum the Contractor will commit to implementing business

operations that give consideration to minority, veteran, and women-owned business enterprises in all subcontracting opportunities as well as routine acquisitions, supporting day-to-day operations in fulfilling services required by the resulting Agreement. Vendors must execute the [Vendor Diversity Agreement Terms](#) and submit with their Proposal. The Contractor will also provide monthly and/or quarterly reports of expenditures and projected expenditures with minority, veteran, and women-owned businesses.

4.9. RESPECT OF FLORIDA

The Florida Lottery is committed to maximizing employment opportunities for individuals throughout this State who are blind or otherwise qualify as handicapped under Chapter 413, Florida Statutes, and for such individuals to increase their independence and self-sufficiency.

To further the Lottery's commitment in this regard and to ensure that RESPECT of Florida, the qualified non-profit agency operating under the authority of Chapter 413, Florida Statutes, is afforded the opportunity to provide commodities and/or contractual services necessary for the Contractor to perform its contractual obligations, Vendors must execute the [RESPECT of Florida Agreement Terms](#) and should submit with their Proposal.

4.10. DEPARTMENT OF STATE

All entities defined under Chapters 605, 607, 620, 621 or 622, Florida Statutes, seeking to do business with the Florida Lottery must be on file and in good standing with the [Florida Department of State](#) throughout the entire Solicitation process. Vendors must provide and should submit a copy of their certificate of status or authorization to transact business, issued from the Department of State or submit evidence of their application for the same in the Proposal.

4.11. CONFIDENTIAL PROPOSAL MATERIALS

By participating in this Solicitation and submitting a Proposal, each Vendor acknowledges the requirements of the Florida Public Records Laws found in Chapter 119, Florida Statutes and s. 24(a), Article I of the Florida Constitution (the "Public Record Laws"), and agrees to the provisions set forth in this section. All Proposals and written communications regarding this Solicitation become public records upon receipt by the Lottery and therefore are subject to public disclosure. [Note: Proposals are temporarily exempt from disclosure during the procurement process as provided in section 119.071(1)(b), Florida Statutes].

If a Vendor considers any portion of its Proposal to this Solicitation to be confidential or exempt from disclosure pursuant to the Public Record Laws (e.g. trade secret information), the Vendor must segregate and clearly mark the document(s), in each "**un-redacted**" copy of the Proposal as "**CONFIDENTIAL**," clearly indicating where confidential information starts and ends.

An entire Vendor Proposal should not be marked as confidential. An entire page or paragraph in which such information appears should not be marked confidential unless the entire page or paragraph consists of information that is confidential or exempt from the Public Record Laws.

Additionally, Vendors must provide and should submit with their Proposal submission a separate index listing of the confidential Proposal sections.

Redacted Version

Simultaneously, Vendors should provide the Lottery with a separate redacted paper and electronic copy of its Proposal and a separate index that briefly describes in writing the grounds for redaction, including citation to the specific statutory provision supporting the redaction. The redacted copy should contain the solicitation name, number, and the name of the Vendor on the cover, and be clearly titled “**REDACTED COPY.**”

An entire Vendor Proposal should not be redacted. An entire page or paragraph in which such information appears should not be redacted unless the entire page or paragraph consists of information that is confidential or exempt from the Public Record Laws. The redacted copy should be provided to the Lottery at the same time the Vendor submits its Proposal.

This redacted version will be used to fulfill public records requests and will be posted on the State of Florida, Department of Financial Services’ centralized, online statewide contract reporting system, Florida Accountability Contract Tracking System (FACTS) website. If the Vendor fails to submit a redacted copy with its Proposal, the Lottery is authorized to produce the Vendor’s un-redacted Proposal in answer to a public records request for these records and post on the FACTS website.

If a legal challenge of any kind ensues regarding confidential and/or trade secret portions of the Vendor’s Proposal, the Vendor will be responsible for defending, through the judicial process its determination that the redacted portions of its Proposal are confidential, trade secret or otherwise not subject to disclosure. Further, the Vendor must protect, defend, and indemnify the Lottery against any and all claims arising from or relating to the determination that the redacted portions of the Vendors Proposal are confidential or exempt from Public Record Laws.

4.12. AGREEMENT TERMS AND CONDITIONS/PERFORMANCE REQUIREMENTS AND DELIVERABLES

By submission of a Proposal, a Vendor agrees with the Lottery’s [Mandatory Requirements of Agreement](#) and the special terms and conditions incorporated hereto. Furthermore, the provisions in Part 5: Special Terms and Conditions are the benchmark requirements for any Vendor desiring to participate in the solicitation process, and as such do not require a specific response from a Vendor. Any exceptions to the agreement terms and conditions shall be submitted as vendor questions and submitted according to section 1.10: Schedule of Events.

4.13. HOW TO SUBMIT A PROPOSAL

The Respondent shall submit:

1. One original version of the Proposal with six (6) copies.
2. One original version of the Cost Submission separate from the Proposal.
3. One scanned copy of the Proposal on a flash drive or CD (with large files scanned as several separate .pdf files).
4. One **REDACTED** scanned copy of the Proposal, if applicable (see section 4.11).

Sealed packages to be delivered shall be clearly marked and labeled as outlined in subsection 4.13.1. Submitted hardcopies contained within the sealed packages shall be clearly marked with the Vendor’s name, and Project Number.

4.13.1. PROPOSAL LABELING

4.13.1.1 Technical Proposal

Each Vendor's Proposal must be in a sealed container(s) and must be identified as the Vendor's Proposal. The exterior of each container should clearly identify the following information:

- Project Number: 054-18/19
- Request for Proposal for Operational Security Studies and Evaluation Services
- Due 3:00 P.M., ET, September 12, 2019
- (Identify) Vendor's Name
- (Identify) Vendor's Return Address
- **PROPOSAL**
- Container ## of ## (Example: Container 1 of 2)

4.13.1.2 Cost Submission

Each Vendor's Cost Submission and Certification form must be in a separate sealed envelope from the Technical Proposal and must be identified as the Vendor's Cost Submission. The exterior should clearly identify the following information:

- Project Number: 054-18/19
- Request for Proposal for Operational Security Studies and Evaluation Services
- Due 3:00 P.M., ET, September 12, 2019
- Vendor's Name
- Vendor's Return Address
- **COST PROPOSAL**

All Technical Proposals and Cost Submissions shall be sent or delivered to the Florida Lottery, Procurement Management, 250 Marriott Drive, Tallahassee, FL 32301. Upon receipt, the Lottery will stamp each container with the date and time of receipt.

4.13.2. Proposal Format

Vendors should prepare their Proposals simply and economically, providing a straightforward, concise delineation of their ability to satisfy the requirements of this Solicitation. Proposals that are redundant, of excessive length, or contain a preponderance of boilerplate text, are discouraged.

The objective of the Proposal is to demonstrate the Vendor's qualifications and ability to provide the services required. Emphasis in each Proposal should be on the completeness and clarity of content, thereby enabling the Lottery to make a fair evaluation of the Vendor and its Proposal. Failure of a Vendor to provide the appropriate detailed information or materials in response to each stated requirement or request for information may result in lower scores for the Vendor.

- A. Proposal should be in a three-ring binder(s), identified as "Original" or "Copy," and sequentially numbered. Each binder should contain the corresponding flash drive (refer to section 4.15: Copies of Proposals).
- B. Proposal should be separated into sections and separated by a tabbed divider page with the name of the section printed on the tab:

- a. Table of Contents
 - b. Tab 1 Cover Letter
 - c. Tab 2 Vendor's Proposed Solution
 - d. Tab 3 Vendor Qualifications
 - e. Tab 4 Other Required Documentation
- C. The Proposal Tabs 2 and 3 represent specific item-by-item responses outlined in section 4.14.
- D. Proposal should be clearly labeled on the front cover and spine identifying the Lottery's Project Number, Project Title, and responding Vendor name(s).
- E. The **original** Proposal should contain originals of **all** required documents, with original signatures of the Vendor, as applicable (refer to section 4.15: Copies of Proposals).
- F. All information in the Proposal must be in the English language, with reference to currency stated in U.S. Dollars.
- G. Proposal should be on paper that is 8.5 by 11 inches, except for foldouts which should be on paper no larger than 11 by 17 inches.
- H. Proposal font size is at the discretion of each Vendor but should be at least 11 point.
- I. Each Proposal page should be sequentially numbered and include the Vendor's name.

It is recognized that existing advertising materials, documents, or brochures may not comply with the above prescribed format; therefore, this material will be accepted in current format.

4.13.3. Proposal Tenure

Vendor Proposal must be binding until execution of an Agreement with the Successful Vendor or withdrawal of this Solicitation by the Lottery.

4.14. TECHNICAL PROPOSAL CONTENT

The following listing identifies the contents that shall be included in the Vendor' Proposal.

This listing is provided for reference purposes only and any omissions do not relieve the Vendor from providing the required documents/information as otherwise specified in this Solicitation:

Tab 1 Cover Letter and Attachment A: Operational Security Studies and Evaluation Services Proposal Certification

The Respondent shall provide a cover letter on the Respondent's letterhead with the following information:

- Name and headquarters location of the Respondent
- Primary location from where the work will be executed
- Relevant contact information for the main point of contact
- Federal Employer Identification (FEID) Number

Tab 2 Vendor's Proposed Solution

Proposals shall include a written statement of the Vendor's understanding of the services requested herein as well as a detailed written plan outlining how the Vendor proposes to go about providing the

services set forth in this RFP. See sections 2.3.1 through 2.3.6. In this regard, the Vendor should provide information specifically addressing and describing:

- A summary of Vendor's security philosophy and how it relates to security evaluation for organizations;
- The Vendor's detailed approach to fulfilling each requirement, service and deliverable listed; and
- The manpower that will be devoted and required to fulfill each task.

The Vendor may propose that additional topics be included in the project if, in its judgment, their inclusion is necessary to the accomplishment of the project's objectives or would increase the value of the project's outcome to the Florida Lottery.

Tab 3 Vendor Qualifications

Proposals shall include substantial evidence of the Vendor's ability to undertake the services required and outlined in sections 2.3.1 through 2.3.6. Each Vendor should provide the following information to demonstrate its ability to provide the services requested:

A. Company Experience

- Listing and discussion of Vendor's experience in conducting physical security system and procedure evaluations for the past five (5) years.
- Listing and discussion of Vendor's experience in conducting hardware, software, network and data security evaluations for the past five (5) years.
- Listing and discussion of Vendor's experience in conducting similar security reviews in the Lottery industry for the past five (5) years.

B. Personnel Qualifications

- Identification and description of the qualifications and experience of each member of the Vendor's staff that the Vendor proposes to use in fulfilling its contractual responsibilities. Identify, to the extent known, the persons who will be assigned major roles in the management and fulfillment of the work obligations outlined in section 2.3: Scope of Services.
- Resumés, not to exceed two (2) pages each, of all Vendor personnel who would perform services under the Contract, with a statement identifying the approximate percentage of total project time that each person will work on the security evaluation.
- A list of the type and number of additional employees that may be needed if Vendor is awarded the Contract and their required qualifications.
- Identification of each Subcontractor, if any, that the Vendor proposes to use in fulfilling its contractual responsibilities, along with a description of the experience and qualifications of the Subcontractor. Resumés, not to exceed two (2) pages each, of all subcontractor personnel who will participate in fulfilling the requirements of the Contract, with a statement identifying the approximate percentage of total project time that each person will work on the security evaluation.

Personnel represented as integral to the performance of tasks in response to this RFP, may be changed only with the Lottery's written permission as long as they remain employed by the Contractor. Replacement personnel shall be submitted to the Lottery for prior approval.

C. Business/Corporate References

The Respondent shall furnish three (3) business/corporate references with their response, utilizing the form provided (Attachment B: Business/Corporate References) to support the

requirements of the Business/Corporate Experience. In order to qualify current experience, services described by Business/Corporate references shall be ongoing or shall have been completed within the sixty (60) months preceding the issue date of this solicitation.

References shall be directly relevant to the services in the solicitation. Incomplete Business/Corporate Reference forms (e.g., forms not completed in its entirety) will not be submitted to evaluators.

References will not be accepted from:

- Current employees of the Lottery;
- Former employees of the Lottery within the past three (3) years;
- Persons currently or formerly employed by the Respondent's organization;
- Board members of the Respondent's organization;
- Relatives;
- Corporations based solely in a foreign country; or
- A member of the Respondent's organization, who has written, completed and submitted the form on behalf of the reference.

Tab 4 Other Required Documentation (This portion of the Proposal will not be evaluated by the Evaluation Team.)

A. Forms in Attachment C: Procurement Library

B. Department of State Registration Form

Respondent shall submit a copy of its registration with the Department of State, which authorizes the company to do business in Florida.

C. Certifications

In the event that the Department's evaluation results in identical evaluations of Proposals, the Department will select a Respondent based on the criteria identified in rule 60A-1.011, Florida Administrative Code. Please provide the following documentation, if applicable:

- Certification of Drug-Free Workplace
- Certification of Minority Business
- Certification of Wartime or Service Disabled Veteran
- Principle place of business in the state of Florida

If these do not apply to your company, please submit a document with a statement to that effect.

4.15. COPIES OF PROPOSALS

The "Original" paper copy will be considered the authority if there are any differences between the paper and electronic copies. All original forms required by this Solicitation must have an original signature.

END OF SECTION

PART 5: SPECIAL TERMS AND CONDITIONS

5.1. INTRODUCTION

This section of the RFP sets forth the Special Terms and Conditions unique to this Solicitation. The other terms and conditions applicable to Lottery solicitations in general are set forth in the Lottery's [Mandatory Requirements of Agreement \(MRA\)](#), located on the "Library of Procurement Information and Standard Forms."

Any references herein, to "at no additional cost" are for emphasis only, as all goods and services specified in Part 5: Special Terms and Conditions are to be provided at no additional cost, unless clearly indicated to the contrary.

5.2. ORDER OF PRECEDENCE

The Agreement(s) resulting from this Solicitation will consist of the following documents, if an Agreement ensues. In the event any of these documents conflict, the conflict will be resolved in the following order of priority (highest to lowest):

1. The Agreement(s) between the successful Vendor and the Lottery
2. Any addenda, including questions and answers, issued by the Lottery to RFP 054-18/19 (this Solicitation)
3. RFP 054-18/19 (this Solicitation), including:
 - Attachment A: Operational Security Studies and Evaluation Services Proposal Certification
 - Attachment D: Cost Submission and Certification
 - Library of Procurement Information and Standard Forms
 - Mandatory Requirements of Agreement
 - Advertising Guidelines
 - Respect of Florida Agreement Terms
 - Vendor Diversity Agreement Terms
 - Florida Lottery Overview
 - Disclosure Affidavit
 - Conflict of Interest and Disclosure Form
 - RESPECT of Florida Certification of Consultation
 - Supplemental Application
 - Vendor Personal Profile Form
 - Personal Injury Waiver
 - Certification of a Drug Free Workplace
 - Other solicitation documents, issued by the Lottery, related to this Solicitation
4. Proposal Qualification and Cure Process and/or Proposal Clarifications, if applicable.

5.3. MFMP REGISTRATION

1. **Contractor Registration** - Each Contractor doing business with the State for the sale of commodities or contractual services as defined in section 287.012, Florida Statutes, must register

in the MyFloridaMarketPlace system, unless exempted under subsection 60A-1.033, Florida Administrative Code. Information about the registration process is available, and registration may be completed, at the MyFloridaMarketPlace website (link under Business on the State portal at www.myflorida.com). Interested persons lacking Internet access may request assistance from the MyFloridaMarketPlace Customer Service at (866) FLA-EPRO (866-352-3776) or from State Purchasing, 4050 Esplanade Drive, Suite 300, Tallahassee, Florida, 32399.

2. **Transaction Fee** – The State of Florida, through the Department of Management Services, has instituted MyFloridaMarketPlace, a statewide eProcurement system. Pursuant to section 287.057(22)(c), Florida Statute, all payments will be assessed a Transaction Fee, which the Contractor will pay to the State.

5.4. FLORIDA SUBSTITUTE FORM W-9 PROCESS

State of Florida vendors **must** register and complete an electronic Substitute Form W-9. The Internal Revenue Service (IRS) receives and validates the information vendors provide on the Form W-9. For instructions on how to complete the Florida Substitute Form W-9, please visit: <http://www.myfloridacfo.com/Division/AA/StateAgencies/W-9Instructions022212.pdf>. The chosen Contractor, if any, must have completed this process before contract execution.

5.5. TERM OF AGREEMENT AND RENEWAL OPTIONS

The “initial term” of the Agreement resulting from this Solicitation is anticipated to be (from the date of execution, or a mutually agreed upon date) four years with four years of renewals, unless terminated earlier by the Lottery under the terms provided herein, subject to an annual appropriation by the State Legislature.

5.5.1. **Renewals and Extensions**

The Lottery reserves the right, at its sole option, to renew the Agreement resulting from this Solicitation for a period not to exceed four years. Agreement Renewal(s) will be contingent upon the availability of funds, and the Contractor’s satisfactory performance as determined by the Lottery. Agreement Renewal(s) may be for the complete term (e.g., one renewal for four years), may be divided into increments (e.g., four one-year renewals), or may be a combination thereof (e.g., one one-year renewal followed by one three-year renewal).

No price increase may be requested during the initial contract term. The Contractor may request one price increase during each renewal period. Any price increase requested shall not affect any projects in progress. A price increase may be requested at any time during the renewal period. The request must be supported by documentation acceptable to the Lottery that adequately demonstrates that the Contractor’s cost for providing the services has increased by at least the percentage of the requested increase. In no event shall an increase exceed the percentage increase in the Consumer Price Index during the corresponding period. If at any time the Contract is canceled, terminated, or expires, and a contract is subsequently executed with a firm other than the Contractor, the Contractor has the affirmative obligation to assist in the smooth transition of contract services to the subsequent contractor.

The Florida Lottery has the right to reject all price increase requests. Any renewal or extension of the resulting Agreement must be in writing.

5.6. COMPENSATION

For each comprehensive study and evaluation, including those in renewal terms, if any, the Contractor may submit requests for partial payment in accordance with the following schedule:

- 30 days after initial or subsequent evaluation engagement inception: Up to 25% of the agreed upon cost;
- 60 days after initial or subsequent evaluation engagement inception: Up to an additional 25% of the agreed upon cost; and
- After delivery of final reports as directed in section 2.35: Deliverables (Preliminary and Final Reports: the remaining balance of agreed upon cost.

Requests for partial payment must be accompanied by documentation that shows the number of hours expended by the Contractor's personnel in the performance of the work. Partial payments will not exceed the timing and caps identified above or the amount supported by accompanying documentation.

Partial payments will not be approved unless all progress reports required by section 2.33: Progress Reports have been received and approved by the Contract Manager or designee.

5.6.1. TAXES

The Lottery is generally exempt from all federal, state, and local taxes and no such taxes will be included in the Vendor's Proposal. The Lottery will have no responsibility for the payment of taxes which become payable by the Contractor or its subcontractors in the performance of the resulting Agreement(s).

5.6.2. SUBCONTRACTOR AGREEMENTS

The Contractor(s) must obtain a written agreement from each of its Subcontractors which must include a provision, to the satisfaction of the Florida Lottery, that holds the Contractor solely liable for all payments owed to them, and that the Lottery and the State of Florida are not liable for payment of any obligation which the Contractor may owe such Subcontractor. Additionally, the Contractor must provide the Lottery with copies of all applicable Subcontractor Agreements, as requested by the Lottery.

5.6.3. Travel

The Contractor will be responsible for any and all travel expenses incurred as a result of performing the requirements of this RFP. The Lottery will not reimburse travel expenses regardless of location.

5.7. TERMINATIONS, NON-RENEWALS, AND SUSPENSIONS

5.7.1. Terminations

Vendors must state if, during the past five years, they have had any contract(s) terminated for default or cause. If so, Vendors must provide, and should submit with their Proposal submission, the full details of each contract termination occurring during the past five years, including the other party name(s), address, telephone number, and description of services the Vendor provided.

5.7.2. Non-Renewals

Vendors must state if, during the past five years, they have not received available renewal terms. If so, Vendors must provide, and should submit with their Proposal submission, the full details of each non-renewal occurring during the past five years, including the other party name(s), address,

telephone number, description of services the Vendor provided, and known reason for non-renewal.

5.7.3. Suspensions

Vendors must state if, during the past five years, the Vendor, a subsidiary or intermediate company, parent company or holding company was the subject of any order, judgement or decree of federal or state authority barring suspending or otherwise limiting the right of the Vendor to engage in any business, practice or activity, or if trading in the stock of the company has ever been suspended, with date(s) and explanation(s). If so, Vendors must provide, and should submit with their Proposal submission, the full details including the other party name(s), address, and telephone number.

5.8. PERFORMANCE BOND

At no cost to the Lottery, as authorized by section 24.111(5), Florida Statutes, the Contractor will be required at the time of execution of the Agreement, to post with the Lottery a performance bond, cashier's check, or other security acceptable to the Lottery in the amount of \$220,000 USD during the initial agreement period.

The performance bond or other security is to secure the Contractor's performance of the Agreement and must be maintained throughout the Agreement term. It may be renewed annually or on another schedule; however, in such case the Contractor must provide proof of renewal to the Lottery no later than thirty days prior to lapse of coverage. Failure of the Contractor to provide proof of renewal of the performance bond or other acceptable security, prior to lapse of coverage will result in all pending payments being delayed until an acceptable bond or other security is received and may result in Financial Consequences and/or Liquidated Damages. Unless a claim is made against the bond or other security, it will be returned to the Contractor following expiration of the Agreement.

5.9. CHANGE IN FINANCIAL CONDITION

If the Contractor experiences a material adverse change in financial condition or experiences other financial irregularities during the term of the Agreement with the Lottery, the Lottery must be notified in writing at the time the change occurs or is identified.

5.10. CONFIDENTIAL INFORMATION

Any information relating to the products, customers, business, marketing plans and policies of the Lottery or its affiliates that is supplied to the Contractor by or at the direction of the Lottery or acquired by the Contractor in the course of providing services to the Lottery, or developed by the Contractor in carrying out the Contractor's duties under the Agreement, will be deemed to be confidential and proprietary information of the Lottery and the exclusive property of the Lottery.

5.11. UNSECURED CONFIDENTIAL INFORMATION

The Contractor must notify the Lottery in writing of any disclosure of unsecured confidential information of the Lottery by the Contractor, its employees, agent, or representatives which is not in compliance with the

terms of this Agreement (of which it becomes aware). The Contractor also must report to the Lottery any Security Incidents of which it becomes aware, including those incidents reported to the Contractor by its sub-contractors or agents. For the purposes of the resulting Agreement(s), "Security Incident" means the attempted or successful authorized access, use, disclosure, modification, or destruction of Lottery information in the Contractor's possession or electronic interference with Lottery operations; however, random attempts at access will not be considered a security incident. The Contractor must make a report to the Lottery not more than seven business days after the Contractor learns of such use or disclosure. The Contractor's report must identify, to the extent known: (i) the nature of the unauthorized use or disclosure, (ii) the confidential information used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what the Contractor has done or will do to mitigate any deleterious effect of the unauthorized use or disclosure, and (v) what corrective action the Contractor has taken or will take to prevent future similar unauthorized use or disclosure. The Contractor must provide such other information, including a written report, as reasonably requested by the Lottery's Information Security Manager.

5.11.1. Security Breach of Confidential Personal Information

In the event of a breach of security concerning confidential personal information involved with the Agreement resulting from this Solicitation, the Contractor will comply with section 501.171, Florida Statutes, as applicable. When notification to affected persons is required under this section of the statute, the Contractor must provide that notification, but only after receipt of the Lottery's approval of the contents of the notice. Defined statutorily, and for the purposes of the resulting Agreement, "breach of security" means the unauthorized access of data in electronic form containing personal information. Good faith acquisition of personal information by an employee or agent of the Contractor is not a breach of security, provided that the information is not used for a purpose unrelated to the Contractor's obligations under the resulting Agreement or is not subject to further unauthorized use.

5.12. RIGHT OF USE

If, for any reason other than breach of Agreement by the Florida Lottery, Contractor should become unable to service the Agreement resulting from this Solicitation, the Florida Lottery will acquire a usufruct in all contractual items owned by the Contractor in conjunction with the Agreement and which are necessary to provide such services.

Such usufruct will be limited to the right of the Lottery to possess and make use of these items solely for the use and benefit of the Lottery in maintaining, altering and improving the operational characteristics of the programs and systems being used under the Agreement. Such usufruct will be limited in time for the duration of the Agreement and in scope to those items being used by the Lottery and on the Lottery's behalf under the Agreement. All items, including modifications or alterations thereof, will be kept in confidence, except to the extent that they are public records under Florida law, and will be returned to the Contractor when their usufruct purposes have been fulfilled.

5.13. FINANCIAL CONSEQUENCES FOR NON-PERFORMANCE

The Lottery reserves the right to withhold payment or implement other appropriate remedies when the Contractor fails to perform and/or comply with provisions of the resulting Agreement. These consequences for non-performance are not considered penalties.

5.14. LIQUIDATED DAMAGES

In the liquidated damages categories set forth below, the Lottery and the Contractor agree that it would be extremely impractical and difficult to determine actual damages that the Lottery would sustain in the event of a breach of the Agreement. Any breach by the Contractor will delay and disrupt the Lottery's operations and will lead to damages; therefore, the parties agree that the liquidated damages specified in the sections below are reasonable.

Except and to the extent expressly provided herein, the Lottery will be entitled to recover liquidated damages under each section applicable to any given incident.

5.14.1. Notification of Liquidated Damages

Upon determination that liquidated damages are to be assessed, the Lottery will notify the Contractor of the assessment in writing.

5.14.2. Severability of Individual Liquidated Damages

If any portion of the liquidated damages provisions is determined to be unenforceable in one or more applications, that portion remains in effect in all applications not determined to be unenforceable and is severable from the unenforceable applications. If any portion of the liquidated damages provisions is determined to be unenforceable, the other provision or provisions will remain in full force and effect.

5.14.3. Waivers of Liquidated Damages

The waiver of liquidated damages due the Lottery will constitute a waiver only as to such specific occurrence and is not a waiver of any future liquidated damages. Failure to assess liquidated damages within any period of time will not constitute a waiver of such claim by the Lottery.

5.14.4. Payment of Liquidated Damages

Each of the categories of liquidated damages set forth below will be a separate liability of the Contractor, and one will not mitigate another.

Once the Lottery has determined that liquidated damages are to be assessed, the Contractor will be notified of the assessment(s). Unless otherwise directed by the Lottery, all assessed liquidated damages will be deducted from any moneys owed to the Contractor by the Lottery. In the event the amount due the Contractor is not sufficient to satisfy the amount of liquidated damages; the Contractor will pay the balance to the Lottery within thirty calendar days of written notification by the Lottery.

In the event the Contractor fails to pay within the thirty-day period, the Lottery may make a claim for payment against the Performance Bond, with or without notice to the Contractor.

To the extent that the Lottery determines that any damage was caused in part by the Lottery, or due to other circumstances beyond the Contractor's control, the Lottery may reduce the damage against the Contractor.

5.14.5. Delays and Liquidated Damages

The Contractor will not be required to pay liquidated damages for delays or difficulties due solely to matters that fall under *Force Majeure*, as defined in the Agreement resulting from this Solicitation, or for time delays specifically due to, or approved in writing by, the Lottery. During a

period of non-performance due to *Force Majeure*, payments from the Lottery to the Contractor may be suspended.

5.14.6. Categories of Liquidated Damages

5.14.6.1 Timely Delivery

The Contractor is required to timely produce the required deliverables and/or meet deadlines in accordance with the schedules set forth in this Solicitation, the Vendors Reply, and the resulting Agreement, , as well as all clarifications and amendments of these documents.

In the event that the Contractor fails to comply with delivery requirements set forth in the above identified documents, the Lottery may impose liquidated damages up to five hundred dollars per day for each delay or per incident (at the Lottery's discretion) until the condition is rectified.

5.14.6.2 Failure to Comply

The Contractor is required to comply with all commitments of the Solicitation, the Proposal, the resulting Agreement, as well as all clarifications and amendments to these documents.

If the Contractor should fail to timely perform as obligated by the above identified documents, the Lottery may impose liquidated damages up to one hundred dollars per day (at the Lottery's discretion) until the condition is rectified.

5.14.6.3 Incomplete or Inaccurate Reports

The failure of the Contractor to provide the Lottery with complete and accurate data for each security study may result in the Contractor being assessed liquidated damages up to the total project cost, at the Lottery's discretion, per incident.

5.14.6.4 Change in Financial Condition or Organizational Structure

The failure of the Contractor to notify the Lottery of a change in financial condition or organizational structure as required by section 5.9 may result in the Contractor being assessed liquidated damages in the amount of \$100 per incident.

5.14.6.5 Failure to Fulfill Project Objectives

The failure of the Contractor to fulfill any project objectives as defined in section 2.3: Scope of Services, due to errors, omissions, or misjudgments by the Contractor, may result in the Contractor being assessed liquidated damages in the amount of twenty percent (20%) of the total project cost, per incident.

5.14.6.6 Other

For any other failure by the Contractor to perform in accordance with the terms of the Agreement, after having been notified in writing by the Lottery of the specific deficiency, the sum of up to \$100 per day or portion thereof, after notification.

5.15. INSURANCE

During the term of the Agreement and any extensions, the Contractor at its sole expense will provide commercial insurance of such a type and with such terms and limits as may be reasonably associated with the Agreement. Providing and maintain adequate insurance coverage is a material obligation of the Contractor. Time limits of coverage under each policy maintained by the Contractor will not be interpreted as limiting the Contractor's liability and obligations under the Agreement. The Contractor must acquire and maintain insurance coverage as set forth herein.

Commercial General Liability insurance in the amount of \$1,000,000 USD is the minimal amount required to be carried under the terms of the agreement. For the terms of the agreement, the Contractor shall maintain worker's compensation insurance with coverage and limits as required by applicable state law.

The Contractor must name the State of Florida, Department of the Lottery as an additional insured on each of the foregoing policies (excluding workers' compensation insurance). By requiring such coverage, the Florida Lottery will not be deemed to have waived any immunity from liability that it may otherwise have.

The Contractor may not perform services or incur expenses until certificates of insurance for the required policies are received by the Lottery. The required policies must remain in force throughout the term of the Agreement and any extensions, and copies of the policies must be provided to the Lottery.

Insurance policies must be executed by a company authorized to do business in the State of Florida. Each policy will contain a provision requiring the carrier to provide written notice to the insured at least forty-five (45) days prior to cancellation of the policy, except that in the case of cancellation for nonpayment of premiums or for fraud the notice will be given no fewer than ten days prior to cancellation. If the Contractor's carrier cancels any policy, the Contractor must immediately obtain a replacement policy prior to expiration of the notice period. Failure to provide and maintain any insurance or security may result in termination of the Agreement.

The Contractor must provide the Lottery a copy of its Certification of Insurance within ten calendar days of execution of the Agreement. In addition, all certificates of insurance for renewals must be forwarded to the Lottery within ten calendar days prior to the policy expiration.

5.16. INDEMNIFICATION

The Contractor agrees to fully defend, indemnify, and hold harmless the Lottery and its principals, officers, employees, and agents from and against all claims, demands, actions, suits, damages, liabilities, losses, settlements, judgments, costs and expenses (including but not limited to reasonable attorney's fees and costs), whether or not involving a third-party claim, which arise out of or relate to:

1. The Contractor's failure to obtain a required consent of any nature whatsoever;
2. The Contractor's contracts with third parties;
3. The Contractor's unauthorized use of name or likeness of any person;
4. Allegations of libel, slander, defamation, disparagement, piracy, plagiarism, unfair competition, idea misappropriation, infringement of copyrights or trademarks, slogan or other property rights and any invasion of the right of privacy;
5. Breach of any of Contractor's covenants or other obligations, duties, representations, or warranties under this Agreement or under applicable law; or
6. The Contractor's negligence or willful misconduct.

This paragraph, insofar as it applies to work undertaken while the Agreement is in effect, will survive the termination of the Agreement. The obligation of indemnification applies whether or not the relevant claim has merit.

5.17. TERMINATION

After receipt of a Notice of Termination, except as otherwise specified by the Lottery, the Contractor must:

1. Stop work under the Agreement on the date, and to the extent specified, in the notice;
2. Place no further orders or subcontract for materials, services, or facilities except as may be necessary for completion of such portion of the work under the Agreement that is not terminated;
3. Assign to the Lottery effective on the date of the Agreement termination, in the manner, at the time, and to the extent specified by the Lottery, all of the right, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the Lottery has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts and to reduce any settlement amount determined by the amount paid for such orders or subcontracts;
4. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Lottery to the extent the Lottery may require. The Lottery's approval or ratification will be final for the purposes of this part;
5. Upon the effective date of termination of the Agreement and the payment by the Lottery of all items properly chargeable to the Lottery hereunder, the Contractor must transfer, assign, and make available to the Lottery all property and materials belonging to the Lottery and all right and claims to any and all reservations, contracts and arrangements regarding the Agreement. No extra compensation is to be paid to the Contractor for its services in connection with any such transfer or assignment.
6. Concurrently with such transfer or assignment, the Lottery will assume the obligations of the Contractor, if any, on all contracts with third parties which are not subject to cancellation;
7. Upon termination of the Agreement by the Lottery, the Contractor will be deemed to have released and relinquished to the Lottery any and all claims or rights it may otherwise have to common law or statutory copyright with respect to all or any part of unpublished material prepared or created by the Contractor in the course of its performance hereunder;
8. Complete performance of such part of the work as has not been terminated by the Lottery;
9. Take such action as may be necessary, or as the Lottery may specify, to protect and preserve any property related to the Agreement which is in the possession of the Contractor and in which the Lottery has or may acquire an interest; and
10. All proprietary materials and associated information are considered to be the property of the Lottery and will be returned to the Lottery upon termination of the Agreement.

5.17.1. Termination Because of Lack of Funds

In the event funds to finance this Agreement become unavailable, the Lottery may terminate the Agreement upon no less than twenty-four (24) hours' notice in writing to the Contractor(s).

Notice will be delivered by certified mail (return receipt requested), facsimile, by other method of delivery whereby an original signature is obtained, or in-person with proof of delivery. The Lottery will be the final authority as to the availability of funds.

5.17.2. Termination for Cause

The Lottery reserves the right to immediately terminate the Agreement, in whole or part, by providing written notice to the Contractor if the Lottery determines, in its sole discretion that any of the following has occurred:

1. The Contractor knowingly furnished any statement, representation, warranty or certification in connection with this Solicitation or the Agreement, which representation is materially false, deceptive, incorrect, or incomplete;
2. The Contractor fails to perform to the Lottery's satisfaction any material requirement of the Agreement or defaults in performance of the Agreement;
3. The performance of the Agreement is substantially endangered by the action or inaction of the Contractor, or such occurrence can be reasonably anticipated;
4. The State enacts a law which removes or restricts the authority or ability of the Lottery to conduct the commodities or services identified in this Solicitation;
5. The Contractor's firm or assets are acquired by or combined with another company or concern during the Agreement period;
6. The Contractor or any Substantial Subcontractor fails to maintain standards of financial responsibility, background, bonds, insurance, character, reputation, or integrity as determined by the Florida Lottery;
7. The Contractor is placed on the convicted, suspended, or discriminatory vendor lists;
8. The Contractor is placed on the Scrutinized Companies that Boycott Israel List, the Scrutinized Companies with Activities in Sudan List, the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged in business operations in Cuba, Syria, or in a boycott of Israel.
9. The actions or inaction of the Contractor or Contractor's employees pose a threat to the security or integrity of the Lottery. In such an event, the Lottery may terminate the Agreement immediately by telephonic notification followed by written notice.

Should the Lottery give notice of termination for reasons in sub-paragraphs 2 or 3 above, the Contractor will have seven days after receipt of said notice to remedy the failures or problems. If the Contractor fails to remedy, the Lottery may order the Contractor to stop immediately all work and terminate the Agreement.

If the Agreement is terminated for cause by the Lottery, the Lottery will be obligated only for the goods actually, delivered and accepted or services actually rendered prior to the date of notice of termination, less any liquidated damages or other damages that maybe assessed for non-performance.

5.17.3. Termination for Convenience

The Lottery reserves the right to terminate the Agreement or any part of the Agreement at its convenience, with thirty (30) calendar days' written notice. The Lottery will incur no liability for

materials or services not yet ordered if it terminates for convenience. If the Lottery terminates for convenience after an order for materials or services has been placed, the Contractor will be entitled to compensation and reimbursement to the extent provided in the Agreement upon submission of invoices and proper proof of claim, in that proportion which its services and products were satisfactorily rendered or provided, as well as for costs otherwise reimbursable under this Agreement which were necessarily incurred in the performance of work up to time of termination.

5.17.4. Termination by Mutual Agreement

With the written mutual agreement of both parties, the Agreement or any part of the Agreement may be terminated on an agreed date prior to the end of the Agreement period without penalty to either party.

END OF SECTION

Attachment A: Operational Security Studies and Evaluation
Services Proposal Certification



Vendor Name: _____

Vendor Mailing Address: _____

City, State, Zip: _____

Telephone: () _____ Fax Number: () _____

E-Mail Address: _____

D-U-N-S Number: _____

Federal Employer Identification Number (FEID): _____

Contact Person: _____

BY AFFIXING MY SIGNATURE ON THIS PROPOSAL, I HEREBY STATE THAT I HAVE READ THE ENTIRE SOLICITATION TERMS, CONDITIONS, PROVISIONS, SCOPE OF WORK AND ALL ITS ATTACHMENTS. I hereby certify that my organization, its employees, and its principals agree to abide to all of the terms, conditions, provisions and scope of work during the competitive solicitation and any resulting Agreement. I certify that my organization is not listed on either the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List; is not engaged in business operations in Cuba or Syria; and is not participating in a boycott of Israel.

Authorized Representative:

This certification must be signed by an Authorized Representative of the responding Vendor or if the Vendor submits a consolidated financial statement of its parent corporation an Authorized Representative of the responding Vendor's parent corporation. A document establishing delegated authority must be included with the Proposal if signed by other than the Authorized Representative.

Printed (Typed) Name: _____

Title: _____

Signature: _____

Date: _____



Substantial Subcontractor Listing

Vendor must complete for each Substantial Subcontractor proposed.

Substantial Subcontractor Name: _____

Mailing Address: _____

City, State, Zip: _____

Telephone: () _____ Fax Number: () _____

E-Mail Address: _____

D-U-N-S Number: _____

Federal Employer Identification Number (FEID): _____

Roles & Responsibilities proposed: _____

Substantial Subcontractor Name: _____

Mailing Address: _____

City, State, Zip: _____

Telephone: () _____ Fax Number: () _____

E-Mail Address: _____

D-U-N-S Number: _____

Federal Employer Identification Number (FEID): _____

Roles & Responsibilities proposed: _____

Substantial Subcontractor Name: _____

Mailing Address: _____

City, State, Zip: _____

Telephone: () _____ Fax Number: () _____

E-Mail Address: _____

D-U-N-S Number: _____

Federal Employer Identification Number (FEID): _____

Roles & Responsibilities proposed: _____



In accordance with the Request for Proposals, Project No. 054-18/19, Section 4.14, Tab 3, C.: Business/Corporate References, Vendors must provide, at a minimum, references for three clients, but no more than six, to whom they have provided commodities and services of similar project size and scope within the past sixty (60) month, including, but not limited to, efficient statewide delivery. Client references must be listed by the Vendor in sections 1 – 6 below. The Lottery will complete this verification process for subsections a – e listed below.

1. CLIENT NAME: _____

POINT OF CONTACT NAME: _____

MAILING ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

TELEPHONE NUMBER: () _____

EMAIL ADDRESS: _____

THIS SECTION IS FOR LOTTERY USE ONLY

VERIFIED

UNVERIFIED

a. Are services and/or commodities completed and delivered on time by this Vendor?
Average order turnaround time (from placement of order): _____

Yes

No

b. How would you rate the services and/or commodities provided by this Vendor?

Satisfactory

Unsatisfactory

c. How would you rate the ease and efficiency of working with this Vendor?

Satisfactory

Unsatisfactory

d. Did the vendor provide the services and/or commodities within budget without a change order to increase the contract or increase to time?

Yes

No

e. How would you rate the Vendor's overall performance?

Satisfactory

Unsatisfactory

ADDITIONAL COMMENTS: _____



2. CLIENT NAME: _____

POINT OF CONTACT NAME: _____

MAILING ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

TELEPHONE NUMBER: () _____

EMAIL ADDRESS: _____

THIS SECTION IS FOR LOTTERY USE ONLY

VERIFIED

UNVERIFIED

a. Are services and/or commodities completed and delivered on time by this Vendor?
Average order turnaround time (from placement of order): _____

Yes

No

b. How would you rate the services and/or commodities provided by this Vendor?

Satisfactory

Unsatisfactory

c. How would you rate the ease and efficiency of working with this Vendor?

Satisfactory

Unsatisfactory

d. Did the vendor provide the services and/or commodities within budget without a change order to increase the contract?

Yes

No

e. How would you rate the Vendor's overall performance?

Satisfactory

Unsatisfactory

ADDITIONAL COMMENTS: _____



3. CLIENT NAME: _____

POINT OF CONTACT NAME: _____

MAILING ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

TELEPHONE NUMBER: () _____

EMAIL ADDRESS: _____

THIS SECTION IS FOR LOTTERY USE ONLY

VERIFIED

UNVERIFIED

a. Are services and/or commodities completed and delivered on time by this Vendor?
Average order turnaround time (from placement of order): _____

Yes

No

b. How would you rate the services and/or commodities provided by this Vendor?

Satisfactory

Unsatisfactory

c. How would you rate the ease and efficiency of working with this Vendor?

Satisfactory

Unsatisfactory

d. Did the vendor provide the services and/or commodities within budget without a change order to increase the contract?

Yes

No

e. How would you rate the Vendor's overall performance?

Satisfactory

Unsatisfactory

ADDITIONAL COMMENTS: _____



4. CLIENT NAME: _____

POINT OF CONTACT NAME: _____

MAILING ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

TELEPHONE NUMBER: () _____

EMAIL ADDRESS: _____

THIS SECTION IS FOR LOTTERY USE ONLY

VERIFIED

UNVERIFIED

a. Are services and/or commodities completed and delivered on time by this Vendor?
Average order turnaround time (from placement of order): _____

Yes

No

b. How would you rate the services and/or commodities provided by this Vendor?

Satisfactory

Unsatisfactory

c. How would you rate the ease and efficiency of working with this Vendor?

Satisfactory

Unsatisfactory

d. Did the vendor provide the services and/or commodities within budget without a change order to increase the contract?

Yes

No

e. How would you rate the Vendor's overall performance?

Satisfactory

Unsatisfactory

ADDITIONAL COMMENTS: _____



5. CLIENT NAME: _____

POINT OF CONTACT NAME: _____

MAILING ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

TELEPHONE NUMBER: () _____

EMAIL ADDRESS: _____

THIS SECTION IS FOR LOTTERY USE ONLY

VERIFIED

UNVERIFIED

a. Are services and/or commodities completed and delivered on time by this Vendor?
Average order turnaround time (from placement of order): _____

Yes

No

b. How would you rate the services and/or commodities provided by this Vendor?

Satisfactory

Unsatisfactory

c. How would you rate the ease and efficiency of working with this Vendor?

Satisfactory

Unsatisfactory

d. Did the vendor provide the services and/or commodities within budget without a change order to increase the contract?

Yes

No

e. How would you rate the Vendor's overall performance?

Satisfactory

Unsatisfactory

ADDITIONAL COMMENTS: _____



6. CLIENT NAME: _____

POINT OF CONTACT NAME: _____

MAILING ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

TELEPHONE NUMBER: () _____

EMAIL ADDRESS: _____

THIS SECTION IS FOR LOTTERY USE ONLY

VERIFIED

UNVERIFIED

f. Are services and/or commodities completed and delivered on time by this Vendor?
Average order turnaround time (from placement of order): _____

Yes

No

g. How would you rate the services and/or commodities provided by this Vendor?

Satisfactory

Unsatisfactory

h. How would you rate the ease and efficiency of working with this Vendor?

Satisfactory

Unsatisfactory

i. Did the vendor provide the services and/or commodities within budget without a change order to increase the contract?

Yes

No

j. How would you rate the Vendor's overall performance?

Satisfactory

Unsatisfactory

ADDITIONAL COMMENTS: _____

This document contains both MUSL Rule 2 (in black) and the Addendum (blue).

MUSL RULE 2 and Addendum

MUSL Rule 2 last amended June 14, 2018.

Addendum adopted June 5, 2013 and last amended June 14, 2018.

Dates reflect revisions from June 12, 2012 forward; for changes prior to June 12, 2012 see document "pandp MUSL Rules.11 Oct 25".

MUSL Rule 2.0 Purpose. MUSL Rule 2 sets out the goals for controlling cross-jurisdictional risk associated with participating in a multi-jurisdictional game. Controls shall include a computer gaming system (CGS), an Internal Control System (ICS), and physical and logical controls to protect against unauthorized access, tampering, outages, and any event or combination of events that may affect the security or integrity of a MUSL game.

The Accepted Methods, Practices, and Processes Addendum (Addendum) lists one or more detailed methods, practices, and processes that have been shown to meet these goals. Lotteries or Vendors may adopt a solution described in the Addendum or may submit new alternative solutions for consideration by the Committee.

Amended November 15, 2012; March 20, 2017.

2.0 Purpose

The purpose of this *Accepted Methods, Practices, and Processes Addendum (Addendum)* is to provide detailed guidance for compliance with the goals stated in Rule 2. It will include one or more methods, practices, and processes that have been accepted by the MUSL Security & Integrity Committees as proven to provide effective protection for lottery systems.

By general consensus at its meeting on October 15, 1989, the board noted that all MUSL rules apply only to MUSL administered games and not to other Lottery games unless otherwise stated in a MUSL rule.

Rule 2 Definitions.

APPLICATION PROGRAMMING INTERFACE (API)

An Application Programming Interface (API) is a set of clearly defined communication protocols and associated components between automated services. The NASPL Lottery API is a standard protocol developed by lotteries to facilitate information exchange between lottery systems and third party retailers.

Added March 20, 2017.

CGS

Computer Gaming System, also known as the online gaming system. This system includes all computer systems required to allow the processing, storage, and reporting of gaming transactions with all intended redundancy, which can include multiple sites and multiple vendors. Systems required for processing of transactions through non-traditional methods (electronic/web play, mobile play, plays through devices that are not Terminals, etc.) are part of the CGS. Terminals and retailer provided point of sale devices such as cash registers or player provided point of sale devices such as smartphones are not part of the CGS.

Amended March 20, 2017

ENCRYPTION

Conversion of plaintext to ciphertext through the use of a cryptographic algorithm for the purpose of security or privacy.

Where the term “encryption” or “encryption technologies” is used, it shall be interpreted as a non-proprietary encryption solution that is NIST approved for current use.

Added March 20, 2017.

FAILOVER

Process whereby a secondary system assumes functions of a primary system should the primary system become unavailable due to failure or scheduled down time.

Amended November 15, 2012; March 20, 2017

FAULT-TOLERANT

System or component designed so that, in the event a component fails a backup procedure or component can immediately take its place without loss of service. MUSL minimum requirements:

- (i) The system shall be designed so that processing will continue even if one component of the system fails to perform as designed,
- (ii) The system shall have hardware and/or software self-checking logic to detect and report the failure of, or errors made by, any component and,
- (iii) The system shall have redundant components. The components that must be redundant are: 1) central processing unit, 2) memory unit, 3) controller(s), 4) disk(s) or other internal data storage device(s), and 5) tape drive or other removable data storage device.

Amended November 15, 2012.

FIREWALL

An access control device that protects a network from intruders and applications on other networks.

Amended November 15, 2012.

HARDWARE AUTHENTICATION

Hardware-based mechanisms that forces users, devices, or processes to prove their identity before accessing data on an information system.

Added March 20, 2017.

HASH

In this document, hash refers to a cryptographically secure hash algorithm approved by MUSL. MUSL approved hash algorithms are generally determined by the list of hash algorithms approved by the US National Institute of Standards and Technology (NIST). A hash algorithm is a one-way function that is infeasible to reverse. For example, given input A, hash function H, and output B=H(A), it is easy to verify B given A, but infeasible to determine A given B since there is no inverse hash algorithm or function.

Added March 20, 2017.

ICS

The internal control system is used to process transactions independently from the computer gaming system as a form of checks and balances

Amended November 15, 2012.

PLAIN PAPER

Paper which may be used to produce tickets, but which does not meet ticket stock requirements, is referred to as "Plain Paper". Tickets printed on "plain paper" must use utilize anti-counterfeiting steps as outlined in these Rules and the Confidential Standards. As used in these Rules, references to "paper" generally refers to ticket stock, not "plain paper."

Added June 14, 2018

REGISTERED PLAY

A registered play is a wager that is tied to an individual's identity. Ticketless transaction plays must be registered.

Plays which are recorded on the Lottery's CGS and ICS identifying the player with their play are Registered Plays. All Ticketless Transactions must be Registered Plays.

Added June 14, 2018

SERVICE ACCOUNT

A service account is an account on a computer system with special privileges used by a service or process to run various functions on the computer operating system. The service account is not used by a user or operator, and cannot be logged on to in an interactive way.

Added March 20, 2017.

STATEFUL PACKET INSPECTION (SPI)

The process where an access control device such as a firewall analyzes a network data packet to determine the source and destination IP addresses, the source and destination ports and the sequence numbers to decide if the packet belongs to a current open connection. SPI is useful in preventing connections from being initiated from outside of a network.

Amended November 15, 2012.

TERMINAL

Terminal shall mean secure devices dedicated to lottery games used to sell plays, print plays on a paper ticket, and verify/redeem wins. Terminals connect only to the CGS and are generally not used to sell non-lottery products. Terminals are traditionally provided by lotteries or their vendors to retailers and are managed by the lottery or the terminal vendor. Terminals do not include retailer provided point of sale devices such as cash registers or player provided point of sale devices such as smartphones.

Added March 20, 2017.

TICKET STOCK

Ticket stock is special paper that meets certain security requirements which includes anti-counterfeit properties. Examples of acceptable anti-counterfeit properties are included in the MUSL Confidential Standards that lotteries shall share with their vendors. As used in these Rules, references to "paper" generally refers to ticket stock, not "plain paper."

Production ticket stock is ticket stock that can be used to produce live tickets.

Added March 20, 2017; Amended June 14, 2018.

TICKETLESS TRANSACTIONS

Any plays (wagers) which are not produced on physical paper meeting anti-counterfeiting requirements as described in this Rule are considered ticketless transactions. Plays sold as subscription plays, internet plays and any purchases through a device which is not a lottery terminal or retailer controlled device are commonly ticketless transactions. All ticketless transactions must be registered plays.

Added June 14, 2018

MUSL Rule 2.1 Administration & Interpretation. No MUSL product shall be offered by a Lottery until its systems and controls have been shown to meet or exceed the requirements for security and integrity set out in Rule 2 and the *Confidential Minimum System Standards (Confidential Standards)* as determined by the Security & Integrity Committee (Committee), typically through one or more on-site MUSL compliance reviews. Lotteries shall have 180 days to become compliant with any changes to MUSL Rule 2 and the Confidential Standards except as otherwise specified by the MUSL Board or as permitted by the Security & Integrity Committee.

The Committee has authority over the controls infrastructure in place for all lotteries selling MUSL games and will interpret the application of Rule 2 and the *Confidential Minimum System Standards*, subject to review by the MUSL Board of Directors. The *Addendum* lists the specific accepted and alternative methods for compliance with Rule 2. The Committee, on an on-going basis and at the request of a Lottery proposal for an alternative solution, shall review the *Addendum* and, as appropriate, amend methods, practices and processes due to changes in technology or threats or include alternative methods shown to meet the goals of Rule 2.

Lotteries shall have 30 days to resolve any high risk rated items and work expediently to resolve other items in not more than 60 days. Closure shall be completed within 90 days for all items.

Rule 2 is superseded by state law or regulation, by applicable international law, and by local legislation.

Amended November 15, 2012; March 20, 2017.

2.1 Administration & Interpretation (of Addendum)

MUSL Rule 2 sets the minimum level of security goals and, in some cases, controls that must be in place for MUSL members or game licensees wishing to participate in MUSL-offered, multi-jurisdictional online games. Rule 2 goals can sometimes be met in a variety of ways. The *Addendum* will provide specific means to meet the goals and incorporates comments from Lottery IT and security staffs and Vendors. The Committee recognizes that technology changes or the identification of new threats may require changes to the means to meet the goals. The Committee also recognizes that a Lottery or Vendor may develop a new method to meet a goal. The Committee will conduct its own reviews and will accept proposals from a Lottery or Vendor for possible inclusion into the *Addendum*.

During the compliance review process, lotteries will be asked to comply with the goals of the prescribed rule. While it is not the intent of the *Addendum* to prescribe additional controls, in some cases the *Addendum* does identify certain minimum requirements to achieve the goals prescribed.

Lotteries are encouraged to ask their auditors to perform their own reviews against these standards in addition to the compliance review process performed by MUSL.

Amended March 20, 2017.

MUSL Rule 2.2 Distribution of Rule 2. MUSL Rule 2 may be distributed to Lottery commissioners or board members, Lottery directors, Lottery staff, online and ICS vendor staff, security consultants, and auditors.

2.2 Distribution of Rule 2

MUSL Rule 2 does not include the *Confidential Minimum System Standards* and does not need to be kept confidential; however, it is recommended that distribution be limited to those with a serious business purpose related to the conduct or review of multi-state lottery games. The *Confidential Minimum System Standards* are confidential and may only be available to the lottery director and lottery security.

Rule 2.3 Lottery Rule 2 Administrator. Each Member Lottery and Licensee Lottery shall name a Lottery employee, who is not under the supervision or control of the data processing division, to ensure compliance with Rule 2 and to be the primary contact with the Committee. The Lottery Rule 2 Administrator shall file an annual certification reporting changes made to the CGS or ICS or that no changes were made.

Amended October 3, 2016.

2.3 Lottery Rule 2 Administrator

The person named as the Lottery rule 2 Administrator need not be dedicated to this role or have a technical background, but should be charged with ensuring compliance with the MUSL Rules that relate to security issues. This person will be the central contact with MUSL staff. It is strongly recommended that this position directly report to the lottery director.

MUSL Rule 2.4 Computer Gaming System (CGS).

2.4(a) The Computer Gaming System (CGS) shall be operated only by permanent W-2 employees of the entities charged with ensuring the continued availability of the gaming environment.

Amended March 20, 2017.

2.4(a) Care should be taken to ensure that a sufficient segregation of duties exists within each lottery position. Specifically, no single position should have authority over the administration of security permissions for the server(s) housing the ICS or the ICS software itself while also having administration authority over a related internal lottery system or the firewall(s) protecting the ICS when sufficient technical resources exist. No Lottery position shall have administration privileges on the CGS unless the CGS is run without the benefit of a third-party vendor. In those cases where the CGS is run by lottery staff, no individual shall have credentials for both the CGS firewalls and the ICS firewalls nor shall any one individual have operating system or application credentials on both the ICS and CGS. CGS Vendors are permitted to leverage a vetting or other probationary hiring solution as part of their operators becoming W-2 employees. Probationary periods should not be longer than one year.

2.4(b) A Lottery shall have a CGS that enables the lottery to:

(1) Maintain absolute knowledge of:

All plays, redemptions, validations, or other transactions:

Recorded on the CGS;

Recorded on the ICS;

Printed or presented to a player as a valid transaction with all required security features; and

Attempts to play or purchase a play received by the CGS that do not result in a valid play; and

(2) Timely verify to MUSL a summary of all plays.

Amended November 15, 2012; March 20, 2017.

2.4(b) CGS Fault Tolerance

Fault tolerance can be achieved through a combination of redundancy and backups. To meet this requirement, records of sold transaction data on the CGS shall exist in not fewer than two distinct locations at least five miles apart to process (i.e. minimally log) transactions. Each location shall receive and acknowledge transaction board data prior to a ticket being allowed to print.

An uninterruptable backup power solution must exist for the systems containing the sold transaction data and for the systems required to process sales and winner information. The uninterruptable backup power system shall provide for no less than twenty minutes of reserve power. A generator or alternate power source capable of providing a minimum of 12 hours of runtime shall feed the uninterruptable backup power solution. Backup power solutions should undergo at least annual preventative maintenance inspections.

The CGS shall be configured so that, at a minimum, one site, operating as the primary, will failover to a secondary site in the event of a system failure precluding correct processing at that site. The secondary site should be run as the primary site at least once every six months for, at a minimum, the period between the same points in two sequential draws, including the start of sales, end of sales, balancing (where applicable), winning number selection, and winner determination. By example, for the Powerball Game, 8:00am on Sunday to 8:00am on Thursday would cover such a period. In systems with two or more sites with concurrent or similar operation, this failover test can be accomplished by a failure or simulated failure of each site at least once every six months. The lottery shall retain a detailed report of each failover test and document any deficiencies and corrective actions taken.

To ensure that failover can occur as intended, controls must be in place to ensure that the version of software and settings that resides on all production central gaming systems are functionally compatible. Any computer systems over and above the required two are not required to receive transactions before a ticket is allowed to print. If a primary system goes down, the intent of this rule is to allow the system to complete the processing of play data for the draw.

Last Amended September 12, 2017

2.4(c) Each CGS shall be physically protected from unauthorized access.

2.4(c) Physical CGS Security

Protection from unauthorized physical access may be accomplished by ensuring that all CGS components are in a locked room with walls that extend from the permanent floor to the permanent ceiling, are within one or more locked enclosures, or have monitored and alarmed motion sensors in the ceiling in lieu of walls that extend from the permanent floor to the permanent ceiling.

The following controls shall be implemented to monitor for and prevent any unauthorized access to the CGS, its data center, the control room, or any location where unrestricted network level access to it exists:

- i. Motion-activated or full-time video surveillance of all computer operator console areas, data center entry doors, and the CGS. Although it is preferred for lotteries to retain non-discretionary access to the video surveillance feeds, the intent of this standard is only to require that active or recorded surveillance exists and not dictate under whose control it is. Cameras are not required to be trained on monitors or keyboards specifically, but footage shall be retained for no less than 45 days and capture the objects required to be covered with at least 40 pixels per foot and at not less than five frames per second.
- ii. All data center entry doors must shut and lock automatically.
- iii. In the event of the loss of power, electronic locks must have backup power or fail in such a way that the door remains secure while still allowing egress.
- iv. If the lockdown method is used by the Lottery, the area surrounding the computer operations/data center area shall prevent personnel working inside these areas from gaining visual access to information from anyone outside these areas (back-office area, etc.) not working the draw during lockdowns. This is most often achieved by having no windows in the area or through the use of opaque window coverings put in place during a lockdown. The use of mini-blinds as a sole window covering does not constitute compliance with the window-covering requirement since there are gaps in them that allow a direct visual path.
- v. Access to the CGS data center shall be granted only as needed and approved by the Lottery.
- vi. Terminal repair and field service personnel shall not be granted unescorted access to the CGS data center.
- vii. The Lottery shall have the ability to have knowledge of any access to the CGS through logging, camera feeds, or a combination thereof.

Amended March 20, 2017.

2.4(d) Each CGS shall be logically protected from unauthorized access and shall reside on dedicated networks, separated from other networks by use of firewalls employing stateful packet inspection.

2.4(d) Logical CGS Security

A CGS shall exist on its own dedicated network subnet such that any other networks or CGS systems are separated using a stateful firewall installed at all entry points to the CGS from other networks where the protocol being used allows security to be enabled and configured to provide both inbound and outbound filtering that limits traffic while remaining under the logical and physical control of the gaming system operator. Servers containing or processing the authoritative record of transactions shall be on isolated networks and accessed only from control room areas. Every firewall used to protect the CGS shall be installed and configured in a manner that prevents changes from being made without the Lottery's knowledge. No other computers or devices shall be connected to the CGS without the use of a firewall under the physical and logical control of the party responsible for maintaining and operating the CGS, whether the control of the firewall was held solely by the third party or held in conjunction with or by the lottery. Use of additional CGS network protections are allowed and encouraged, however they do not replace firewall requirements. The CGS network and firewalls used to protect the CGS shall be documented and must include the following:

- i. A list of computers that are allowed to communicate with the CGS,
- ii. the purpose of the allowed communication,
- iii. the network protocols and ports to be used,
- iv. line-by-line descriptions for each access control rule,
- v. a network diagram detailing the production environment devices, including:
 - a. all access points,
 - b. network name of each device, server and computer,
 - c. and all IP addresses for each device, server or computer

In addition, the following other controls are mandated:

1. The network configuration and each of the device configurations shall be reviewed on an at least semi-annual basis. Proper configuration of firewalls is complex process with many potential points of failure; therefore the primary benefit of a review is to keep the configuration current. Controls shall exist to automatically notify the Lottery when a firewall or its configuration is changed.
2. Copy of documentation, including network diagram(s) with Internet Protocol (IP) addresses and configurations for all devices controlling access to the CGS, shall be provided to MUSL or the Lottery upon request. The requirement does not require documentation of networks on the outside/untrusted interfaces of devices protecting the CGS networks except for the reasons for firewall rules allowing traffic from those interfaces. MUSL will not retain copies of configurations outside of specific review periods. Any copy that is not returned to Lottery Security or the online vendor's control will be destroyed once it has been reviewed. Copies of these diagrams and configurations will be primarily obtained during MUSL compliance reviews. MUSL reviewed versions of network diagrams and configurations shall be placed in an evidence envelope or MUSL-approved equivalent and securely maintained by the Lottery Security function either directly or through a Lottery-controlled escrow to aid in future reviews.
3. Border routers may be used to supplement a firewall wherever connectivity to another network is enabled, but it cannot satisfy the requirement for a firewall. Combination devices that incorporate routing with stateful firewall feature sets, along with the possibilities of other technologies (IDS, virus scan, spam filtering, etc.) meet compliance with this standard. An IDS that is part of a firewall meets compliance with this requirement.
4. Port level authentication shall be configured on networks having remote login access to the CGS environment.
5. A vendor should ensure that any computer system used for connectivity to the CGS is free of any malicious software.
6. If developers are permanently stationed at a production system site, source code is allowed to be accessible for that site by them as long as the developer area is in a locked room with walls that extend from the permanent floor to the permanent ceiling or monitored and alarmed motion sensors in the ceiling. Access controls shall prevent access to the space by any person with credentials on the production gaming system. Source code shall not be accessible by non-developers. Video surveillance shall minimally cover all entry doors to the developer area with the same requirements as for CGS datacenter surveillance.

APPENDIX 1

7. Each CGS shall have user privileges granted only at the minimum level required. CGS operators responsible for regular interaction with the CGS for normal business purposes shall not have administrative access to either the CGS software or the operating system on which it resides. All gaming system implementations shall not allow operators access to the transaction file, sync file, winners file, unclaimed prizes file, or similar transaction information. Access requests to any ticket information shall be in writing. CGS operators shall not be able to create administrative accounts or to gain knowledge of administrative account credentials
8. Production CGS shall not be accessible outside of the control room with anything more than read access.
9. Remote support shall require lottery personnel authorization and local CGS operations staff to enable such access on a per-incident basis. Remote access shall be limited to a specific access point. Any connection to the CGS that is used for remote access shall be configured such that local CGS operators and Lottery personnel can determine the status of said connection at any time. Local CGS operators and Lottery personnel shall be able to determine those users that are logged in remotely by use of logs combined with active notification messages. Authorization for remote access shall be provided by the Lottery Director or the Director's designee and may not be delegated to the Vendor. In the event of an emergency, the Vendor may be allowed to authorize remote access when both active notification and formal follow-up processes are in place with the Lottery to ensure follow-up completion the next business day in writing. Request for authorization shall include the reason for the request, the person or persons that will login to the CGS, and the estimated time the connection will be active. A remote user is any user that connects and logs into the production gaming system that is outside of the local control room for that jurisdiction. This includes managers, supervisors, operators, support personnel or other users that may be in the same building and need to connect to the CGS for any reason.
 - a. CGS implementations that are accessed remotely shall be required to log keystrokes or executed commands and ensure knowledge of the specific individual(s) allowed and granted access. A resultant review process shall be in place to track the actions taken.
 - b. Lottery personnel shall receive active notification of remote access when used or available, and have access to logs and incident reports detailing the actions taken and the duration of the access availability.
10. Protocols transmitting unencrypted credentials shall not be used.
11. Gaming system. In no case shall personnel outside of the Lottery Security Division or the gaming vendor's Operations Manager have systematic access to board level play information.
12. Wherever possible, the CGS must be protected from unauthorized users and applications on a protocol level from all other networks. Other networks include, but are not limited to, the online vendor's back-office network, the online vendor's other office networks, the Lottery network (including any networks that contain an ICS), state networks, third party networks and the Internet.
13. In cases where wireless technology (802.11, Bluetooth, Satellite, etc.) is enabled with connectivity to the gaming system or a terminal with connectivity to it, encryption and hardware authentication must be used. In no case shall network ID's be wirelessly broadcast. Media Access Control (MAC address) filtering must be enabled on all wireless networks.
14. Developers shall not have regular access to either the CGS or ICS production environments, nor shall they have access to any firewall or other access control device configuration.

15. All daily transactions for a jurisdiction shall be collected and backed up by the Lottery or its authorized designee for their jurisdiction at the close of each day's operations to ensure all transactions are kept inviolable. Processing and balancing are to be performed by Lottery personnel using ICS programs and computers under Lottery control, however a Lottery may choose to allow another Lottery (the Lottery's authorized designee) to run the ICS for their jurisdiction for any given game, as long as both Lotteries are part of the Product Group where balancing is required or a MUSL member. Daily transactions are to be automatically balanced against reports generated by the CGS on the ICS. The purpose of obtaining a copy of each day's transactions is to make certain that no transactions are modified and no illegitimate transactions are added. To properly ensure this does not happen, the ICS must not contain any unauthorized code. The intent of this standard is not to require that the ICS reside on a standalone machine in the case of non-PC based ICS implementations, but rather to ensure that neither the machine nor the network upon which it resides accepts connections that should be denied. Use of a dedicated logical partition on mid-range or mainframe based ICS applications on otherwise shared systems is compliant.

Modified by S&I Committee August 17, 2016; Amended March 20, 2017.

- 2.4(e)** Terminals shall securely communicate to the CGS and shall use encryption in all data transmission.

Amended March 20, 2017.

2.4(e) Terminal and Retailer POS Device Connectivity / Encryption

1. A Lottery may choose the method in which terminals communicate with the CGS. Terminals shall use end-to-end encryption in all data transmission. Controls shall exist to ensure that only authorized terminal hardware connects to the CGS. Terminals on networks intended to provide other services at the retailer level (Wi-Fi hotspots, etc.), shall have network level controls to ensure the isolation of terminal traffic and the host environment.
2. If any CGS network is connected to a wide-area network, the connection shall require the use of data encryption. Any computer system to be used for connectivity to the CGS, whether on a temporary (e.g. for a lockdown) or permanent (e.g. for control room use, retailer provided point of sale devices via an API) basis shall undergo a Vendor-controlled process to ensure the safety and integrity of the operating system and programs that reside within them prior to allowing connectivity.
3. All play-related traffic passing through a terminal, such as ticket validation, must be encrypted and use hardware authentication: exceptions include wired connections directly from the device to a terminal, such as a ticket printer, ticket scanner or monitor. Wirelessly connected devices are referenced in Addendum 2.4(d)(13).
4. All devices, excepting Terminals and registered play purchase devices, that connect to the CGS and contain or pass unencrypted play data must never store that data to non-volatile memory, must irretrievably purge that data from all storage, memory, or similar devices immediately when the transaction is complete, and must encrypt all transmission of that data throughout transit, such that data cannot be intercepted by a third party, with one end being the device and the other end being a CGS information system. Purging of data precludes the ability of such devices to reprint tickets. Other than the terminal or retailer POS, no single device shall have access to all of the data in an unencrypted format or be able to decrypt all of the data on the ticket. An example of a device covered by this rule is a retailer point of sale device connecting to a Lottery API implementation made available by the CGS.

All devices that connect to the CGS, excepting Terminals and registered play purchase devices, must be reviewed by MUSL or by a Lottery-approved third party auditor and certified to perform in accordance with MUSL and Lottery specifications. Certifications are also required for all software revisions.

The CGS must not allow connections from devices, excepting registered play purchase devices, that are not in compliance with MUSL Rules and additional Lottery specifications including for their current software version.

CGS must limit connection to previously documented and allowed IP or equivalent addresses and use a hardware authentication system to allow connections only from known hardware devices.
Amended March 20, 2017.

Comment: 2.4(e) Registered play purchase device could include devices such as smartphones, tablets, computers, etc. operated by the player to acquire registered plays. Functions, such as ticket sales and redemption, available in Retailer devices via the API are similar to the functions carried out by a terminal; however, retailer devices that use the API are not verified to be as secure as Terminals.

Comment last updated March 20, 2017.

- 2.4(f) RNG.** Software used to generate random numbers for quick picks shall be reviewed by a third party certification authority to verify that assigned numbers cover all possible play numbers and that the RNG functions normally within or exceeding the limits of acceptable pseudo-RNG selection devices. Any changes to the random number generation process shall be re-certified. Controls shall be in place to allow the Lottery to readily determine that the implemented code has not been modified.

Amended November 15, 2012, March 20, 2017.

- 2.4(g)** Changes to any production CGS hardware, operating systems, or software must be tested on systems that are separate from the production system prior to implementation. Production environments shall not maintain any connectivity to test environments.

Amended November 15, 2012; March 20, 2017.

2.4(g) CGS Changes and Test Environment

Production environments shall not maintain any continuous connectivity to test environments, though can have temporary connectivity for the purpose of moving software from test to production. The test environment shall minimally consist of the same logical hardware architecture as used in the production environment. It is permissible to use virtualized systems to mimic the operational environment enacted through the intended production implementation.

Although the test environment may contain many versions of code, it shall at all times contain a readily available copy of the production version of the application in order to facilitate production problem resolution whenever possible.

Any source code created by the online vendor that is used to create the production version of code shall be held securely to ensure its availability to developers when production issues arise. Records of operating system and application maintenance or revisions to the CGS shall be thoroughly documented and maintained. A change control process must be in place to manage and track changes. All major version upgrades and vendor changes that affect MUSL games or require MUSL acceptance testing must be reported to MUSL. The Committee will review the report to determine whether a special MUSL compliance review is required.

Each new gaming system implementation shall have a mechanism (e.g. baseline hashes created following testing, and using a daily process to ensure production consistency) to provide assurances to the lottery of the CGS application and operating system integrity.

Source code or un-compiled software shall not be allowed anywhere in the production environment.

Amended March 20, 2017.

- 2.4(h)** Each CGS installed after July 1, 2013 shall have a mechanism to automatically and systematically provide daily assurances to the Lottery of the CGS application and operating system integrity.

2.4(h) CGS Application and Operating System Integrity

CGS vendors can use hashes or other means to fulfill this requirement. They can be sent to the lottery by electronic means or made available to the lottery on demand.

Amended March 20, 2017.

- 2.4(i)** Each CGS installed after July 1, 2013 shall enact controls that provide a means to detect CGS transaction file tampering, automatically and systematically notify operators and the lottery, and confirm the individual record(s) affected.

Amended November 15, 2012.

- 2.4(j) Site Inspections by Lotteries.** Approximately, annually, a Lottery's security division shall inspect all CGS sites under its oversight, regardless of whether they are in the same state, to ensure compliance with all Lottery and MUSL security requirements and policies.

CGS sites common to multiple lotteries may be inspected by the Lottery's security division, through an agreement with another Lottery for that Lottery's security division to inspect the CGS site, or through a Common Site Inspection by MUSL (see 2.4(k)).

Site inspections through agreements with other Lotteries must specify the elements of the Site Inspection to be conducted, and must minimally meet the requirements in this Rule.

Last Amended September 12, 2017.

- 2.4(k) Common Site Inspections by MUSL.** In cases where more than one Lottery gaming system is located at a Lottery or Vendor site conducting MUSL game-related transactions, MUSL shall conduct approximately annual compliance reviews of these online gaming systems through a visit to the site to ensure compliance with the MUSL Standards and Rules.

Lotteries shall require their online vendors to cooperate with and provide resources necessary to perform the review. In the event of noncompliance with any applicable rule or standard, a detailed report will be sent to the Security & Integrity Committee for consideration.

A Lottery may rely on MUSL's Common Site Inspections to fulfill their Site Inspection requirement in 2.4(j) so long as the Lottery makes MUSL aware of any site inspection requirements specific to that lottery beyond standard MUSL Site Inspection reviews (e.g. paper stock reviews).

Last Amended September, 12, 2017.

MUSL Rule 2.5 Internal Control System Environment (ICS). Each Lottery shall maintain two or more copies of all transactions entered on their CGS using a minimum of two independent production Internal Control System Environments (ICS) that:

Amended November 15, 2012.

2.5 Internal Control System Requirements

An internal control system (ICS) is used to store and process a copy of the daily transactions provided by the CGS prior to a drawing and will be used to ensure that no transactions on the CGS are added or modified. ICS transactions will be processed independently of the CGS and results must match those provided by the CGS prior to and immediately following a drawing. A Lottery's ICS must be approved by the Committee before use.

Transactions should be sent in real-time or near real-time from the CGS to the ICS to reduce pre-draw transfer and processing time and secure against CGS play data tampering or loss.

The ICS will import and combine transactions obtained from the CGS. The ICS will generate a report based on the transactions for the current draw period. The report values and total values shall be manually compared to a similar report generated by the CGS. When the reports from the two systems match, the transactions are considered to be in balance.

A MUSL-approved cryptographic hash function shall be applied to the entire set of transactions stored via the ICS pre-draw for each draw to create a message digest or hash. The same cryptographic hash function shall be re-applied to the entire set of transactions after the creation of a winner by tier report immediately following a drawing. The ICS Operator shall both manually and electronically compare the pre-draw hash to the post-draw hash to verify the integrity of the transaction file or database before a winner determination report is released. In the event the hash values do not match, a third hash, spawned through a separate lottery-controlled and enabled process, shall be created and compared to the pre-draw hash. If the third hash does not match the pre-draw hash, controls shall exist to allow the ready determination of where the data change occurred. In the event of a mismatch, lottery security shall be notified and the transaction data checked for any evidence of tampering through an investigative process involving ICS vendor personnel, Lottery IT personnel, and Lottery Security.

Applying the same hash function to the same data will always result in the same hash value. A hash requirement provides significant added assurance to Lotteries that their version of the transaction file, as it exists on their ICS, was not modified between draw break and winner processing.

Amended March 20, 2017.

2.5(a) shall be operated only by permanent W-2 employees of a Lottery.

2.5(a) The ICS shall have user privileges granted only at the minimum level required. ICS operators responsible for regular interaction with the ICS for normal business purposes shall not have administrative access to either the ICS software or the operating system on which it resides. An independent contractor or other third party shall not operate a lottery's ICS.

Developers shall not have regular access to either the CGS or ICS production environments, nor shall they have access to any firewall or other access control device configuration. Any software patches or code changes that are intended to fix problems with the production code or configuration shall be tested within a test environment that is separate from the production system, prior to implementation.

Developers should attempt to duplicate the issues in the test environment, resolve the issues, test the solutions, and have the updated code loaded into production via a formal change control process. Exceptions to this process shall require management approval before access is granted and should trigger a notification of Lottery Security.

Lotteries are permitted to leverage a vetting or other probationary hiring solution as part of their operators becoming W-2 employees. Probationary periods should not be longer than one year.

Amended March 20, 2017.

2.5(b) A Lottery shall have an ICS that ensures the secure recording of all play data and that processing of all play data will not fail while the CGS is selling plays.

2.5(b) The ICS shall be redundant such that if any part of a system fails, another ICS that is a duplicate of the first is available for use in another location. All production ICS shall use a backup power supply such as a power-conditioning uninterruptible power supply (UPS). The backup power system shall provide for no less than ninety (90) minutes of reserve power for the ICS to give sufficient time to bring up the redundant ICS or shut down the CGS and ICS without data loss.

The computer and software must be kept under the logical and physical control of the lottery at all times. A lottery is considered to be in balance when any one of the production ICS machines matches the CGS record and such balance is confirmed with MUSL.

Last Amended September 12, 2017.

2.5(c) shall be physically protected from unauthorized access.

2.5(c) Video Surveillance shall cover all ICS operator areas, each ICS device, and every door providing access to the ICS. Camera, recording, and storage requirements are the same as for the CGS. See 2.4(c)(i).

The following controls shall be implemented to monitor for and prevent any unauthorized access to the ICS, data center or facility where the ICS is located:

- a. Lottery Security shall be charged with approving all requests for authorized access to the ICS and the room housing the ICS.
- b. Requests for access to the ICS, the ICS network, or the room or security enclosure housing the ICS shall be kept at least thirty (30) days past the end of the last claim period for all draws occurring on those days, or otherwise as long as is required under jurisdictional data retention policy requirements.
- c. Walls surrounding the ICS room must extend from the permanent floor to the permanent ceiling if the ICS is not in a fully enclosed and locked cage. Separated locked enclosures shall employ numbered audit seals or other controls that provide lottery personnel knowledge of access. Alternatively, and in lieu of walls that extend from the permanent floor to the permanent ceiling, the ceiling above the ICS can be protected with an alarmed and monitored motion detection system. Requirements for visual access restrictions during lockdowns are the same as for the CGS. See Rule 2.4(c)(iv).
- d. All non-rack entry doors must shut and lock automatically. In the event of the loss of power, electronic locks must have backup power or fail in such a way that the door remains secure while still allowing egress.
- e. Each ICS shall have an automatic fire suppression system in those cases where all production ICS machines are in the same building. ICS implementations shall use fire suppression systems that, if activated, would not harm the integrity of stored data.

Amended March 20, 2017.

2.5(d) shall be logically protected from unauthorized access.

2.5(d) The ICS shall reside on dedicated networks, separated from other networks by use of firewalls employing stateful packet inspection. The firewall configuration shall provide both inbound and outbound filtering that limits traffic to that required for business while remaining under the logical and physical control of the lottery or the governmental agency providing technical support to the lottery.

All production ICS machines must be protected from unauthorized users and applications on other networks. A MUSL-approved firewall implementing stateful packet inspection shall be installed between the ICS and all network connections. Though additional network security provisions are encouraged, the ICS must not be dependent on any device other than the firewall for network perimeter security from other networks. The firewall shall be configured to limit inbound network traffic to that required for the ICS to get the required transaction data from the gaming system computers. In no case shall an ICS reside on a network under the control of anyone other than the lottery or their authorized designee. The firewall configuration shall provide both inbound and outbound filtering and be under the logical and physical control of the lottery. Firewall configurations shall be reviewed on an at least semi-annual basis and a copy of each configuration and a copy of network diagrams with IP addresses of all enabled network interfaces shall be provided to MUSL upon request.

Reviewed versions of network diagrams and configurations shall be placed in an evidence envelope or MUSL-approved equivalent and maintained by the Lottery Security function to aid in their future review.

At no time should the CGS connect directly to the database or data files containing the transactions in the ICS. Any access to the production ICS machines that does not use dialup shall require the connection to be encrypted where the entire connection is under the Lottery's sole control. Use of client to network session encryption methodologies are acceptable (e.g. through a VPN) so long as the VPN terminates on a device with the same security levels and access controls that are in place for the ICS (e.g. in those cases where the VPN terminates in the same secured rack where the ICS resides).

Keeping unauthorized users and applications away from the ICS is the single most efficient way to ensure the integrity of the software and hardware has not been compromised. Proper configuration of firewalls is a complex and often tenuous process; therefore the primary benefit of a review is to keep the configuration current.

Combination devices that incorporate routing with a stateful firewall and other technologies (IDS, virus scan, spam filtering, etc.) comply with this standard. The intent of preventing the CGS from having direct access to the data files on the ICS is to ensure that the CGS cannot modify transactions already processed by the ICS. Outbound connections are allowed from the ICS and/or ICS network for the update of Lottery back-office systems and for Lottery alerting only.

Amended March 20, 2017.

- 2.5(e)** Shall require individual accounts for each ICS operator with privileges granted at the minimum level required and shall not be administrators of either the ICS application or the Operating System on which it resides.

Amended November 15, 2012.

2.5(e) Logical access permissions granted to all ICS must be kept to a minimum. An independent contractor or other third party shall not operate a lottery's ICS.

Each ICS operator shall have a separate logged account with privileges granted only at the minimum level required. ICS Operators shall not be administrators of either the ICS application or the Operating System on which it resides. ICS implementations shall not use generic accounts for functionality or operations. Administrators for the ICS shall not have access to any access control devices used to protect the ICS.

The use of wireless technologies shall not be permitted on network subnets containing production ICS, nor shall ICS be configured to accept connection requests from any wireless source.

Access should be limited to the lowest level required to perform an assigned job function and nothing more. This minimizes the need to rely on an individual's ability or character.

Although keeping modems powered off is preferable, some modems may be in place to allow a system to contact support personnel in cases of system or service failure. These modems need to be configured to deny inbound access.

Amended March 20, 2017.

- 2.5(f)** Shall provide a means to detect ICS transaction file tampering and confirm the individual record(s) affected.

Amended March 20, 2017.

2.5(f) Controls shall ensure that should the ICS transaction file be accessed by other than the intended system processes, that a method exists to derive the particular record(s) affected.

2.5(g) Shall not be accessible for remote support without Lottery personnel enabling such access.

2.5(g) In the event ICS vendors indicate to the Lottery that they require access to the system, Lotteries shall require the vendor to submit a written request that explains the need for access, the level of access required, and the specific changes to be made. Should the Lottery request that the ICS vendor access a production ICS in response to a problem that they are experiencing, the ICS vendor does not have to submit this documentation. Should a modem or network device be in place to allow for remote access, it shall either remain powered off when not in use or be configured to not accept incoming calls or connections. Lottery personnel (preferably with some background in IT) shall either record the remote access session and later review it, including keystroke logging and screenshots, or command logging, or directly witness remote access sessions. Access shall be authorized by the lottery's Security group (whether or not they are physically present) or personnel that are designated by Lottery Security and do not report to the IT Management function (e.g. Internal Audit or Senior Management) and must be granted only at the minimum level that the individual job function requires. The definition of what is authorized access needs to take into consideration actual need as determined by the Lottery.

Any changes or access by a vendor must be documented in detail, and this includes specific tasks performed in the case of "general maintenance". Lottery personnel can record remote access sessions more effectively by allowing remote access to a 'jump-off' proxy machine on an isolated VLAN instead of the ICS itself, ensuring only user permissions on the proxy machine and an installed session logger on it. Direct remote access methodologies allow remote users to in many cases establish a command line session to the ICS, thereby avoiding the possibility of monitoring.

Amended March 20, 2017.

2.5(h) Shall have controls in place to automatically and immediately notify Lottery personnel of an imbalance or other error via electronic message through a Lottery-controlled medium.

2.5(i) ICS Changes. Changes to the production ICS hardware, operating system, or software must be tested on a system that is separate from the production system prior to implementation. Production environments shall not maintain any connectivity to test environments.

2.5(i) ICS Changes. Any changes to the ICS software, operating system or hardware must be tested in a test environment that is on a separate network from the production environment prior to implementation. Records of operating system and application maintenance or revisions to the ICS shall be thoroughly documented and maintained. Source code shall not be used or stored on the production ICS at any time regardless of which logical partition it may exist on. All vendor changes and major version upgrades that affect MUSL games and require MUSL acceptance testing must be reported to MUSL. The Security and Integrity Committee will review the reported information to determine whether a special MUSL compliance review is required. The lottery shall attest to the integrity of the ICS hardware and software immediately following any change to ICS hardware or software.

The purpose for not allowing source code or un-compiled software anywhere in the production environment is to prevent unauthorized changes to key applications and to prevent an untested change or patch from crashing the system.

Use of secondary ICS machines for test is compliant so long as the machine(s) are removed from the production ICS network prior to testing. Use of midrange or mainframe based ICS machines is compliant, even in those applications where the ICS application is not dedicated to the machine so long as the ICS application is on an isolated logical partition and benefits from other controls sufficient to limit access.

Amended March 20, 2017.

MUSL Rule 2.6 Transaction Possession & Balancing; Lockdown. Unless the game is exempted from Rule 2.6 requirements by the MUSL Board or Security and Integrity Committee, lotteries participating in a Product Group shall attest to MUSL their verifiable knowledge of all transactions by using an ICS to balance with the CGS record of transactions. A balanced state is reached when the number of transactions and sales on the ICS matches the number of transactions and sales on the CGS. In addition, the contents of each board of play shall be verified to match between the ICS and CGS through a cryptographically secure hash algorithm (i.e. SHA-256 or SHA-512) before the draw. The data to be included in the input for the hash shall be all items that a Lottery uses to uniquely identify a transaction. Examples of this data may include but are not limited to date and time, serial number, terminal number, retailer number, draw number, play selections, and wager amount. If a balanced state cannot be reached before the draw, the lottery shall secure two (2) copies of the transaction data set applicable to the draw period in a format usable by the Lottery's ICS machines, which can be either two (2) copies from the primary CGS or one (1) copy each from the primary and the backup CGS for each gaming system from an individual jurisdiction. Alternatively, lotteries can secure the collected transactions from the ICS up to the point at which the imbalance began (i.e. transactions from prior sales days), then collect the transaction file set from the day's transactions from the CGS. Controls shall ensure that the transaction data acquired includes all transactions applicable for the draw, including futures and non-draw day transactions.

Amended November 15, 2012; July 24, 2013; May 5, 2016; October 3, 2016; March 20, 2017.

Comment: CGS and ICS systems installed after January 1, 2017, must support all balancing requirements. CGS and ICS systems installed prior to January 1, 2017, will have until January 1, 2018, to enact controls to support all balancing requirements. 2by2, All or Nothing and the Mega Millions lottery games are not subject to lockdown requirements. Comment last updated October 3, 2016.

2.6 Daily Transaction Records. All daily transactions for a jurisdiction's gaming system shall be collected and backed up by the gaming system operator at the close of each day's operations to ensure all transactions are kept inviolable. Processing is to be performed by the gaming system operator or Lottery personnel using programs and computers under gaming system operator or Lottery control. ICS Data feeds shall exist to automatically pull transaction information from the CGS for processing and balancing. The purpose of obtaining a copy of each day's transactions is to make certain that no transactions are modified and no illegitimate transactions are added.

Controls shall be in place to automatically and immediately notify lottery personnel of an imbalance or other error via electronic message sent through a lottery-controlled medium.

The Lottery or its authorized designee shall process winning numbers using the same personnel and the same ICS systems used for processing sales transactions. Lottery personnel shall manually and electronically compare the reports generated by the CGS to the reports generated by the ICS. The number of winners for each prize level shall be transmitted to the MUSL office. Should the Lottery not be able to access the MUSL Draw Reporting System, the Lottery may report their balanced information to MUSL via fax. Each Lottery is expected to transmit the number of winners for each prize level to the MUSL control office no later than the reporting time set by the Product Group. The MUSL control office is expected to certify the number of winners and authorize the payment of prizes no later than the reporting time set by the Product Group. Though gaming systems can come up for sales without an after-draw report, prizes shall not be paid by any Lottery until the MUSL control office authorizes the payment of prizes.

The total number of winners from each Lottery, detailed by tier, must be combined to calculate the exact number of winners, and to determine the next jackpot. The numbers need to be received (typically via the MUSL Draw Reporting System) in a reasonable amount of time so that all Lotteries can be notified as quickly as possible.

One method to remotely take control of the draw information could be to have online gaming computer operators place a record of the accumulated transactions into a lockbox that is at the gaming site under camera with time stamping controls.

- 2.6(a)** Member lotteries and Licensee Lotteries shall notify the MUSL Drawing Manager as soon as it becomes evident that normal balancing after game closure cannot be completed before the draw.

Amended November 15, 2012; October 3, 2016.

2.6(a) Any draw-day imbalance must be reported to the MUSL Drawing Manager as soon as it becomes evident by the personnel charged with processing or personnel directed by the Lottery's security division, but no later than 30 minutes prior to the scheduled draw. The drawing will not be held until an imbalance is corrected, or both the CGS and the ICS are secured via a lockdown, or a MUSL Security & Integrity Committee approved solution has been implemented to ensure the integrity of transaction board information. The MUSL Drawing Manager will determine whether any imbalance affects the security of the game. Processing transactions earlier and more frequently allows for early identification of potential discrepancies and provides more time to resolve an imbalance. Generally, more frequent processing requires the ICS to be connected to the CGS.

In the event the entity charged with processing ICS transactions is unable to report and confirm the transactions are in balance, both the ICS and the CGS systems must start the lockdown process if called for in the game where the imbalance has occurred.

- 2.6(b)** Should the Lottery be unable to report balanced sales 30 minutes prior to the scheduled drawing, the Lottery security division shall lockdown the Vendor CGS and Lottery ICS sites. If the media or storage device used to record and transfer the ticket data cannot be processed before the draw, the Lottery shall secure two copies of the transaction data in a format usable by the Lottery's ICS. One of these copies must be from the primary CGS. The second copy can be from the CGS or the ICS. Controls shall ensure that the transaction data acquired includes all transactions applicable for the draw including futures and non-draw day transactions. The Lottery shall then enact controls to ensure that personnel working on the issue or having access to the production processing environment (including the primary and all backup gaming systems as well as all ICS systems and the networks that retain connectivity to them) are restricted from outside communication. Alternatively, the Lottery may enact a Committee-approved solution to provide certainty of the transaction count, detail, time, and location of sale in lieu of a lockdown.

In the event a Lottery is unable to balance, the Lottery shall submit a 'Balance Incident Report' that describes the reason for the imbalance, the measure taken to lockdown or protect the data, and what measures were taken to correct the imbalance. Reports shall be received by MUSL within three (3) business days.

Amended November 15, 2012; March 20, 2017.

2.6(b) Lockdown Process

The lockdown process begins when lottery security or their designee (Security Representative) is notified. The following sites must be secured:

- a. Production CGS containing play data (including Primary, Secondary, Backup, Logger, et al.)
Systems that are part of the CGS but do not contain play data do not need to be secured if they can be disconnected from the rest of the CGS.
- b. Production ICS (including any additional ICS connected to CGS or ICS)
- c. Any site that has inbound operations access to production CGS or ICS.

The process is complete once each site is secured by the Lottery's Security Representatives. Lotteries shall ensure that adequate procedures are in place to enable the lockdown process to be completed no later than 15 minutes before the draw in order to prevent any possible delay in the draw. ICS Operators processing from areas other than where the ICS hardware is located that have access limited to the ability to pull reports and enter winning number data do not need to be included in the lockdown.

Lockdowns may be accomplished through personnel representing the lottery; (1) being physically present at each site to be secured; or (2) using live video monitoring to secure a remote site by verifying that no unauthorized person at the remote site has, or is able to have, physical or logical access to the system at that site. All sites must continue to be secured for the duration of the lockdown.

Lotteries electing to secure one or more of their sites without their representatives being physically present shall enact provisions that allow the continued security of the master copy of sold transaction data.

Security Representatives shall not be ICS Operators for the draw to be secured and shall not be a vendor employee or a member of or direct management over the lottery data processing function. An Executive Director of the Lottery, or their equivalent, is exempt from this requirement. If a site hosts more than one Lottery CGS and controls are not available to effectively secure a specific CGS system, then all lotteries participating in the same game that have an active CGS running at the same site will be required to go into lockdown, including all other sites for each affected lottery. This lockdown requirement also includes the CGS and ICS facilities for the other lotteries even though they may be in balance.

Any computer systems that are or could be used to connect to either the ICS or CGS production environment during a lockdown (e.g. a remote lockdown room) shall remain at all times secured from tampering.

Each Lottery shall have a documented lockdown plan and shall provide a copy of the plan upon request. The Lottery lockdown plan shall incorporate the following policies:

- a. Lockdown process must begin not less than 30 minutes prior to the scheduled draw if the transactions have not been balanced.
- b. Lockdown process must be complete for all applicable sites prior to the scheduled drawing time
- c. All sites must remain secured until both the CGS and ICS systems are in balance or until MUSL directs the lottery to end the lockdown
- d. All TV, radio and other outside communication must be eliminated
- e. All cell phones, pagers, or other communication devices must be secured by the Security Representative in charge of the lockdown
- f. All telephone conversations at the secured sites shall use a speakerphone and be monitored by the Security Agent in charge of the lockdown
- g. All entries made on a computer or connected terminals shall be monitored by the Security Agent in charge of the lockdown
- h. Only security personnel and those persons with a critical need to be in the facility shall be allowed in the secured area, and if they have knowledge of the winning numbers, they must not be revealed to any other person.

Amended March 20, 2017.

Lockdown Exercise

Lotteries shall conduct lockdown exercises of their lockdown plan at least annually. Exercises shall be simulations that include all responsible staff and lockdown activities. Each exercise shall be documented and each record shall be retained to demonstrate compliance with this requirement during compliance review engagements. Lotteries shall report their lockdown exercises in their annual certification. An annual exercise event provides material assurances to fellow lotteries that the lottery is compliant.

Comment: Exercise records shall be retained until after completion of a MUSL compliance review.

Comment Added September 12, 2017.

Lotteries shall enact a process to conduct an exercise of their lockdown plan at least annually. Results of each exercise event, in the form of a 'Balance Incident Report' shall be shared with the MUSL and a log kept by each lottery detailing these exercise events. Although a semi-annual exercise event is recommended, an annual exercise event provides material assurances to the MUSL membership.

Last Amended September 12, 2017.

Lockdown Alternative

The lottery security division shall take control of a copy of all transactions from the CGS and ICS as they exist before the draw and keep them secure throughout the claims process. Network based (SFTP, FTPS, etc.) and removable media (USB Flash Drive, CD-ROM, Tape, VTL, etc.) are both recommended. Details of the two methods follow:

- 1.) A secured file transport protocol (FTP) server can be used to transfer The CGS-recorded and ICS-recorded transactions are copied to a lottery-security controlled computer. Connections must be secured, for example by either SSH or SSL, and must include traffic encryption and connection authentication. The FTP server must automatically verify the integrity of the data and send notifications to lottery-security staff confirming successful transfer or an error.
- 2.) The CGS-recorded and ICS-recorded transactions are placed onto separate removable media and dropped into a lottery-security controlled lockbox under camera view. In the event that the lottery's CGS is remote from lottery headquarters, it is allowable for non-security personnel to perform these tasks. The removable media must be uniquely tagged for easy identification and logged in a file to keep detail of which removable media was used for which draw. Data on the removable media shall be securely deleted and the removable media will be reused post a successful weekly balance. The removable media must be lottery-owned and provided.

While not required, the best practice is for Lotteries to implement both methods above as a means to provide a level of business continuity for their lockdown alternative in the instance that the lottery's primary method for obtaining transactions fails.

Prior to winners being reported to MUSL, imbalances must be resolved. The MUSL after-draw report will not be issued until balanced sales and winners are submitted by all lotteries in the Product Group. Under this alternative, a lottery's Security Division would take possession of this standalone data and would use the data during the claims process on a stand-alone system to verify the authenticity of all winning high-tier transactions that occurred during the draw that experienced the imbalance. Stand-alone data is required to be retained at least sixty (60) days past the end of the last claim period for all draws where an imbalance has occurred.

It is acceptable for lotteries to collect only draw-day transactions from their CGS systems so long as assurances have been established that prior draw-day transactions have balanced.

If the claimant's wager is not present on at least one of either the ICS or CGS copy of the pre-draw data, the play is invalid and prizes may not be paid on a prize claim for that play.

Lotteries shall conduct exercises of their lockdown alternative plan at least annually. Exercises shall be simulations that include all responsible staff and lockdown alternative activities. Each exercise shall be documented and each record shall be retained to demonstrate compliance with this requirement during compliance review engagements. Lotteries shall report their lockdown exercises in their annual certification. An annual exercise event provides material assurances to fellow lotteries that the lottery is compliant.

Last Amended September 12, 2017.

Comment: Exercise records shall be retained until after completion of a MUSL compliance review.

Comment Added September 12, 2017.

Comment: Committee approval is required prior to implementation for each Lottery's Lockdown alternative, regardless of whether similar approaches have been previously approved by the Committee.

Comment last updated March 20, 2017.

Additional Lockdown and Ticket Stock Alternatives

Lotteries may enact Committee-approved solutions that prove beyond question the legitimacy of wagers. Approved alternative solutions would allow an imbalance to occur without requiring a lockdown and without the Lottery Security Division obtaining pre-draw data. When a lottery experiences an imbalance for a given draw at draw break, lotteries must utilize their corresponding validation solution that ensures this legitimacy for all claims in excess of \$100,000 or claims of \$50,000 or more claimed after 50% of the claimant period has expired.

Should a lottery implement such a solution, they may elect to no longer conduct lockdowns and may elect to no longer be subject to any ticket stock control, distribution, storage, destruction, logging or counterfeiting requirements, as detailed in any MUSL rule.

Amended March 20, 2017.

MUSL Rule 2.7 Least Access Privilege. All systems access to the ICS, the CGS, or any related production environment shall be kept to the minimum required for personnel to conduct their responsibilities. ICS or CGS Operators shall not be granted administrative access to production executables, to their supporting libraries or data stores, or to the underlying Operating Systems. No one individual shall have operating system or application credentials on the ICS and CGS.

Amended November 15, 2012.

MUSL Rule 2.8 Accounts and Credentials. CGS and ICS computer account credentials shall not be shared. Passwords shall be a minimum of twelve (12) characters in length and include at least one (1) non-alpha character, have an expiration period no longer than 90 days, and, where systematically possible, limit re-use and enforce complexity. Default accounts and passwords shall be disabled.

Service account passwords are exempt from password expiration requirements. Automated logins should use certificates, public/private key pairs, or similar methods instead of saved passwords when technically possible.

Amended November 15, 2012; June 2, 2016; March 20, 2017.

MUSL Rule 2.9 Intrusion Detection. Intrusion detection and reporting shall be in place on both the ICS and CGS networks and actively configured to notify local administrators. Lottery personnel should receive all notifications. New gaming system implementations shall have solutions configured to maintain active signatures.

Amended March 20, 2017.

2.9 An Intrusion Detection System (IDS) must monitor all connections between networks and automatically and immediately notify administrators of potential security breaches. Signature updates to the IDS shall be supported and implemented to maintain their currency. Logical permissions to the IDS shall be limited to key personnel.

Amended March 20, 2017.

MUSL Rule 2.10 Backups. The ICS and CGS play data must be backed up daily and stored offline and off site. The Backups must reliably store play data at least thirty (30) days past the end of the last claim period of any game stored. Backup media must remain under the control of the organization responsible for the data on the media, and this responsibility may not be delegated to a party responsible for storage or processing of other lottery play data. In cases where a lottery runs an ICS and CGS itself, no one person at the lottery shall be involved with the backups for both systems. ICS and CGS backups shall not all be stored in the same facilities.

Amended March 20, 2017.

MUSL Rule 2.11 Evidence of Winning Play. Prizes may not be paid if the claimed play does not match the play data as recorded on the CGS and ICS. Prizes may be paid where: (1) a winning play is evidenced by a physical ticket meeting prescribed security standards and submitted by a claimant (or such other proof as deemed acceptable by the Selling Lottery) that matches the play data recorded on the CGS and ICS, or (2) where the identity of the player is securely recorded and the win is confirmed by the CGS and ICS (i.e. ticketless transactions such as subscriptions, Internet play, play through non-standard terminals, etc.).

In cases where a physical ticket is not produced for the player (i.e. ticketless transactions such as subscriptions, internet play, pay through non-standard terminals, etc.), the only evidence of play is the transaction as recorded on the gaming system infrastructure.

Amended July 24, 2013; March 20, 2017.

MUSL Rule 2.12 Patching. All systems the lottery relies on to verify and validate plays shall use only updated and fully supported software. The lottery shall ensure all systems are kept free from vulnerabilities and security patches are applied timely.

Comment: This requirement does not apply to implementations installed prior to July 2, 2012, but lotteries and vendors are strongly encouraged that systems installed prior to that date should attempt to meet these standards,

MUSL Rule 2.13 Terminal Repair & Access. Terminal repair and storage areas shall be protected from unauthorized physical access.

2.13(a) Terminal repair and storage areas shall not be accessible by computer operations staff.

2.13(a) Terminal Repair and Storage Areas

All terminals that are intended to produce live tickets that are held in storage or located in a repair facility shall be secured from any unauthorized personnel. Repair areas shall have walls that extend from the permanent floor to the permanent ceiling or contain motion sensors in the ceiling that are connected to an active alarm system. The doors to repair and storage areas shall be locked at all times. In no case shall data processing personnel have unescorted access to terminal repair areas. Buildings secured from data processing personnel do not need to have separate controls to limit access to the terminal repair area so long as a procedure exists to escort all visitors.

2.13(b) Terminals not intended to produce live tickets and that are accessible to computer operators shall be modified in such a manner as to make it clear that any ticket created off of them is not valid. Neither site operations nor IT personnel shall be able to circumvent modifications.

Amended November 15, 2012.

2.13(b) The Lottery shall ensure that any ticket produced on a terminal that is not intended to produce live tickets (including any terminals in control rooms) be modified in a way that makes it evident that the ticket is invalid. All modifications shall be preventative in nature. Controls must be such that their circumvention is easily detectable. Modifications include but are not limited to:

- a. Changing the paper, assuming that a special level of access is required to change the paper. If the terminal cannot be locked with a unique key then the paper could be easily be changed. Therefore just changing paper does not satisfy this requirement.
- b. Removing a pin from the print head, assuming the entire print head or pins cannot be easily replaced. Print heads are nearly always modular and easily changed.
- c. Font change, assuming the font cannot be changed by anyone working at a gaming system site that is or could become the primary.

This rule shall not apply to terminals that are secured from vendor data processing and lottery data processing personnel access in an environment with controls at least as strong as those that exist within the terminal repair area. Should a lottery elect to physically secure terminals to prevent internal modification (either to print heads or via a paper change), only non-data processing personnel shall have access to the internals of the terminal.

Alternative

Some lotteries have gained compliance with this standard by inserting non-production stock in their terminals not intended to produce live tickets and then physically securing the terminals with padlocks or a numbered audit seal. Either lottery or vendor employees can hold keys to these padlocks, so long as those in possession of a key are not part of the data processing function. Without the additional controls listed above, operating terminals in training or other similar modes that prevent connection to the production gaming environment do not comply with this standard.

MUSL Rule 2.14 Ticket Stock. Ticket stock shall be stored securely. Only Lottery Security shall possess systematic knowledge of the individual ticket serial numbers delivered to retailers. A chain of custody for ticket stock delivery and access shall be in place in all cases where two (2) people are not required to access stored ticket stock. Lotteries may elect to permit the use of paper to produce tickets which do not meet Ticket Stock security requirements, as set out in the Confidential Standards.

Amended November 15, 2012; March 20, 2017.

2.14 Storage and Issuance of Ticket Stock

Production ticket stock, whether stored by the Lottery or a vendor, shall be held in a secure manner which ensures that at least two persons are present when ticket stock is placed in and removed from the storage area. The persons present may not be under the supervision or control of the data processing division of either the lottery or the lottery's CGS vendor. One of the persons present may be the issuee.

The party responsible for storage of ticket stock shall maintain records of all ticket stock received and issued. The records shall include all parties present when the ticket stock was placed in or removed from the storage facility and the carton numbers added or removed from storage. In the case of removal of ticket stock, records shall indicate who took control of the ticket stock and its destination once known.

Once ticket stock is assigned to a specific carrier, agent, or customer service representative, there is no longer a need to store it under the dual control required by this rule so long as a tracking mechanism is in place to identify the party holding the ticket stock and personnel outside of the assignee no longer have access. Assigned ticket stock must be stored in a secure manner (locked car, mini-storage, etc.).

Any excess ticket stock that is produced by the ticket stock printer that has not been shipped to the Lottery, the online vendor, or its agents may be stored by the printing company so long as it is stored in a secured location.

The controls environment necessary to ensure that two persons are present when ticket stock is moved in or out of the storage area is typically achieved through the use of a dual locking mechanism on the room, area, or cage housing the ticket stock where no one person has access to both keys. Merely having a log sheet contained within the area does not guarantee that two persons are present in all instances and therefore does not constitute compliance with this rule.

To ensure that unauthorized ticket stock access can be detected, the area housing the ticket stock must be completely enclosed such that access via a means other than the primary door opening(s) would be readily noticed.

Excess ticket stock does not include any paper created during the ticket stock creation process that is not intended to ever be distributed in the field or entered into a database as part of the ticket stock owned or to be owned by the Lottery.

Lotteries should consult with their printing companies to gain assurance that ticket stock is stored pursuant to this standard.

Annually, a Lottery's security division shall inspect all vendor and lottery sites under its oversight, regardless of whether they are in the same state, to ensure that no retailer ticket stock is available to, or in the possession of, persons who are not assigned to its packaging, storage, shipment, or control to ensure compliance with all Lottery and MUSL security requirements and policies.

Amended March 20, 2017.

Returned Ticket Stock

Ticket stock returned by retailers to lottery or on-line vendor personnel shall be directly delivered to the lottery's security division or their control as soon as practicable, but not later than fourteen days after pickup. The person receiving the ticket stock from a retailer shall request the retailer to sign a form containing the beginning ticket stock serial numbers for each roll of ticket stock being returned. This form shall be included when ticket stock is given to the security division.

Amended March 20, 2017.

MUSL Rule 2.15 Registered Play. All ticketless transactions such as subscription plays, internet plays, and any purchases from or through a device which is not a lottery terminal or retailer controlled device and which are not produced on physical paper with anti-counterfeiting properties, must be registered to the identified owner of the play.

Information from registered plays identifying the plays' owner identities and correlating them to plays shall be securely held in such a manner as to prevent the unauthorized modification or release of entry data.

Registered play data, including play data and correlated player information, must be recorded on both the CGS and ICS prior to a draw. A hash or signature of the player's identity information may be recorded on the ICS in lieu of recording full player identity records contained on the CGS.

Registered play information shall be encrypted in-transit and at-rest to ensure that collected data is protected from interception and modification.

Amended March 20, 2017; June 14, 2018.

2.15 Registered Play. Registered play information identifying a player's identity shall minimally include a player's full name and at least two (2) additional pieces of information that can be used to distinguish or trace an individual's identity, such as the last four digits of the person's Social Security Number or tax identification number, date of birth, place of birth, personal telephone number, mother's maiden name, debit/credit card number, or other forms of identification as may be approved by the Security & Integrity Committee etc.

Examples of devices which are not lottery terminals or retailer controlled devices would include smartphones, tablets, computers, etc.

Confidential Standard 32 provides further guidance regarding payment of registered play (ticketless transaction) prizes.

Amended March 20, 2017; June 14, 2018.

Comment: The S&I Committee strongly encouraged use of "Know Your Customer" solutions to better ensure the accuracy of player identity data.

Comment Added June 11, 2018.

MUSL Rule 2.16 Review. Participating lotteries and their vendor operations shall be subject to periodic compliance reviews as determined by the Committee. Firewall configurations and other documentation shall be provided, upon request, to the Committee and MUSL staff during the review.

2.16 Review. Upon request, the Lottery shall provide the MUSL staff with a copy of the results of any relevant internal or external audit(s) for purposes of performing a review of compliance with MUSL or Product Group standards and rules.

MUSL Rule 2.17 Validation. Member lotteries and Licensee Lotteries shall adopt procedures to enable the validation of all tickets. High-tier ticket validation shall be performed by Lottery Security personnel prior to payment.

Amended November 15, 2012; October 3, 2016.

MUSL Rule 2.18 Disaster Recovery. The Lottery and its gaming vendor shall take steps to define and document plans for Business Continuity and Disaster Recovery.

2.18 Disaster and Recovery planning must identify the impact of potential disruptions and loss of data, and provide steps to mitigate risk and ensure business continuity. In the event of a disaster, comprehensive instructions must be readily available for key employees, vendors and any authorized third parties. Gaming vendors shall provide a copy of their continuity planning documentation to the lottery. All plans shall be reviewed at least annually.

MUSL Rule 2.19 Security Policy. All users having access to a lottery's technology and information assets shall be governed by a formal set of security rules called a "Security Policy". Although this policy requirement is intended to be general in nature, each lottery shall identify and document specific security goals and minimum requirements for protecting its technology and information assets. The security policy shall specify how the requirements will be met, provide a baseline to determine compliance, and be updated annually.

2.19 The primary purpose of having a Security Policy is to define "what" needs to be protected and "how" it is to be protected.

MUSL Rule 2.20 Encrypted Control Numbers. An Encrypted Control Number must be associated with each printed ticket to be used for the purpose of helping deter fraud (see Confidential Standards).

Tickets printed on "plain paper" must include a secondary encrypted control number. The secondary encrypted control number system must meet all requirements in Confidential Standard 30, part E, except as noted in Confidential Standard 31(b).

The private keys used for the primary and secondary encrypted control number systems must be independent, that is, the private key used in either encrypted control number system must not be determinable given the private key, encrypted control number, or any part of the other system.

The device that creates the private key data used to create the Encrypted Control Number(s) must never transmit the private key to any other device.

2.20 Lotteries shall provide their vendors with sufficient information to permit them to fulfill such requirements.

Added March 20, 2017; Amended June 14, 2018.

MUSL Rule 2.21 Anti-Counterfeiting Controls. Lotteries shall develop and use specific procedures to validate the authenticity of every Play.

All lottery Plays must be either: (1) produced on ticket stock or plain paper meeting anti-counterfeiting requirements (see Rule 2.20 and Confidential Standard 31); or (2) Plays registered to an identified player for any Plays which are not produced on physical paper (see Rule 2.15 Registered Plays and Confidential Standard 32).

Added June 14, 2018.

2.21 Anti-Counterfeiting Requirements

Examples of anti-counterfeiting approaches are described in Confidential Standard 31.

Added June 14, 2018.