XIII

McConnell & Jones LLP
CERTIFIED PUBLIC ACCOUNTANTS

INTERNAL AUDIT SERVICES

TEXAS LOTTERY

STATUS REPORT TO THE COMMISSIONERS

AUGUST 8, 2018

INFORMATION ITEM – NO ACTION REQUIRED

Internal Audit Activities

Internal Audit Services' activities during this period (June 1, 2018 through July 25, 2018) include:

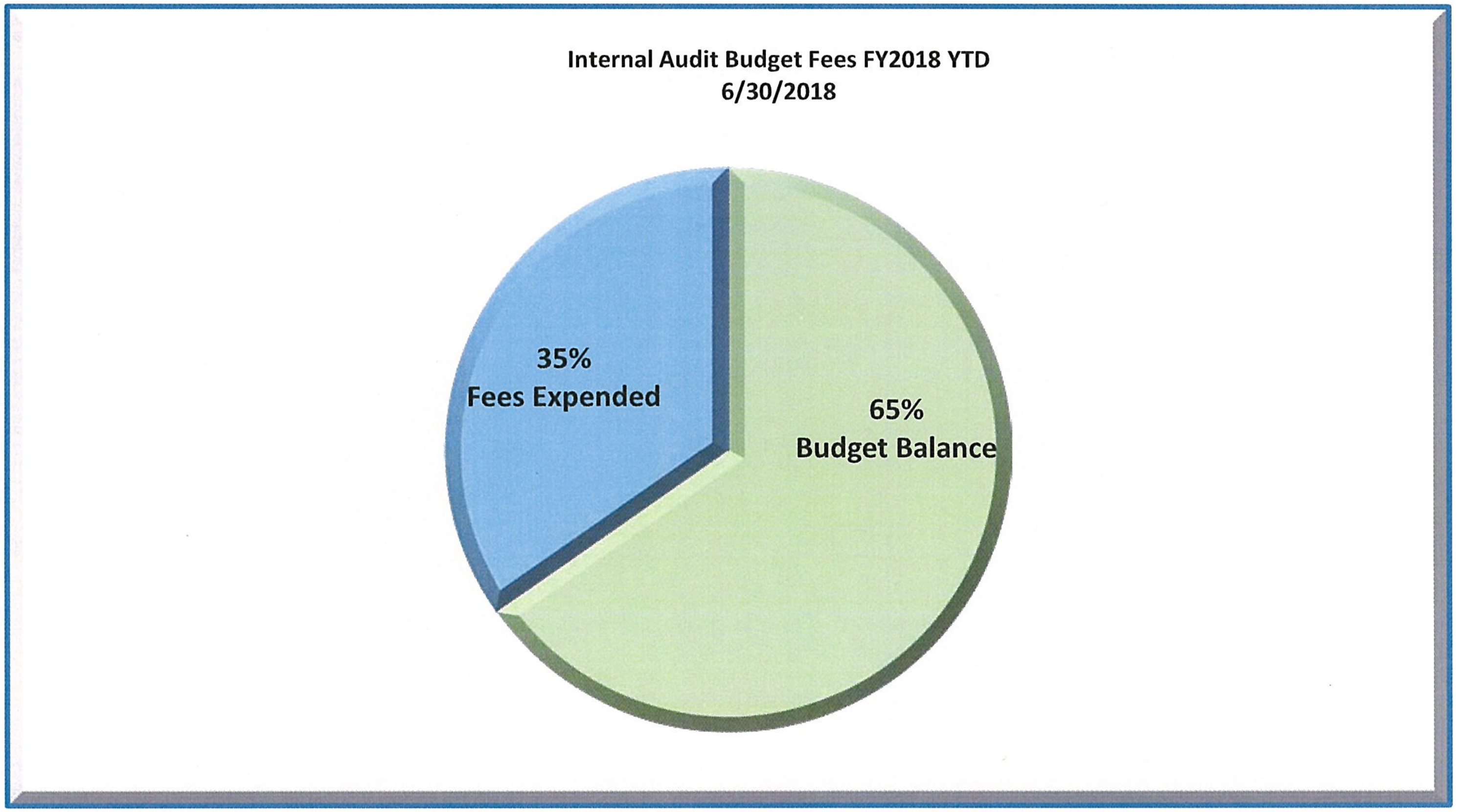
- Completed the PII audit
- Commenced Drawing Equipment Audit
- Commenced Game Closing Audit
- Commenced Mail Room Audit
- Conducted risk assessment and drafted FY 2019 Annual Internal Audit Plan
- Worked with CBOD audit staff to complete the revised bingo audit program and auditor training
- Completed the Social Responsibility Audit

Fiscal Year 2018 Internal Audit Plan Status

Activity #	Audit	Planning	Fieldwork	Draft Report	Mgmt. Comments	Final Report	Issued
1	CBOD Education Program	Completed	Completed	Completed	Completed	Completed	Completed
2	Personal Identifiable Information Handling	Completed	Completed	In-Progress			
3	Social Responsibility	Completed	Completed	In-Progress			
4	Drawing Equipment Maintenance	Completed	In-Progress				
5	Unclaimed Prize Processes	Completed	Completed	Completed	Completed	Completed	Completed
6	Instant Game Closing Processes	Completed	In-Progress				
7	Main and Mail Room Processes	Completed	In-Progress				
8	Follow-Up On Prior Audit Findings	Continuous	Continuous	Continuous	Continuous	Continuous	Continuous
9	Monitor of Fraud/Complaint Hotlines Lines	Continuous	Continuous	Continuous	Continuous	Continuous	Continuous
10	External Audit / Review Assistance	Continuous	Continuous	Continuous	Continuous	Continuous	Continuous
11	Update Risk Assessment & Develop 2019 Audit Plan	Completed	In-Progress	In-Progress			
12	Annual Audit Report	Not Started					
13	CBOD Communications	Continuous	Continuous	Continuous	Continuous	Continuous	Continuous

Legend: Not Started In-Progress Completed Continuous

FY 2018 Internal Audit Budget as of June 30, 2018



MJ is cognizant of the importance of managing the approved hours and budget. As such we are diligent about staying within the estimated hours per audit and activity. There may be instances where audits/activities are over or under estimated hours and we will adjust the audit plan budget accordingly to stay within the total approved budget.

FY 2019 Annual Internal Audit Plan

The FY 2019 Annual Internal Audit Plan is on the agenda for approval. This will be provided to Commissioners prior to the August 8, 2018 Commission meeting.

Anticipated Activities Next Period

- Issue the Personal Identifiable Information Handling Audit Report
- Issue Social Responsibility Audit Report
- Issue Drawing Equipment Maintenance Audit Report
- Issue Game Closing Audit Report
- Issue Mailroom Process Audit Report