MJ McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

# INTERNAL AUDIT SERVICES

TEXAS LOTTERY

## STATUS REPORT TO THE COMMISSIONERS

## FEBRUARY 7, 2019

**INFORMATION ITEM – NO ACTION REQUIRED**

# Internal Audit Activities

Internal Audit Services' activities during this period (November 1, 2018 through January 1, 2019) include:

- Commenced:
  - HB2578 Implementation Audit (License Fees, Refunds and Prize Fee Allocations)
- Continued:
  - Working with CBOD to revise desk review program and processes.
  - Working with Information Resources Division to modify a centralized audit reporting database.
  - Observing drawings studio operations.

# Fiscal Year 2019 Internal Audit Plan Status

| Activity # | Audit | Planning | Fieldwork | Draft Report | Mgmt. Comments | Final Report | Issued |
|---|---|---|---|---|---|---|---|
| 1 | Copy Center Operations | Completed | Completed | Completed | Completed | Completed | Completed |
| 2 | Centralize Audit Report Findings and Monitoring | Completed | In-Progress | | | | |
| 3 | HB 2578 Implementation | Completed | In-Progress | | | | |
| 4 | Game Changes | Completed | | | | | |
| 5 | Drawings Studio | Completed | In-Progress | | | | |
| 6 | Cyber Security Program | Not Started | | | | | |
| 7 | Retailer Incentive Program | Completed | | | | | |
| 8 | Lottery Operations Customer Service | Not Started | | | | | |
| 9 | Bingo Follow-Up and Assistance Activities | Continuous | Continuous | Continuous | Continuous | Continuous | Continuous |
| 10 | Information System User Access Monitoring | Continuous | Continuous | Continuous | Continuous | Continuous | Continuous |

Legend: Not Started In-Progress Completed Continuous

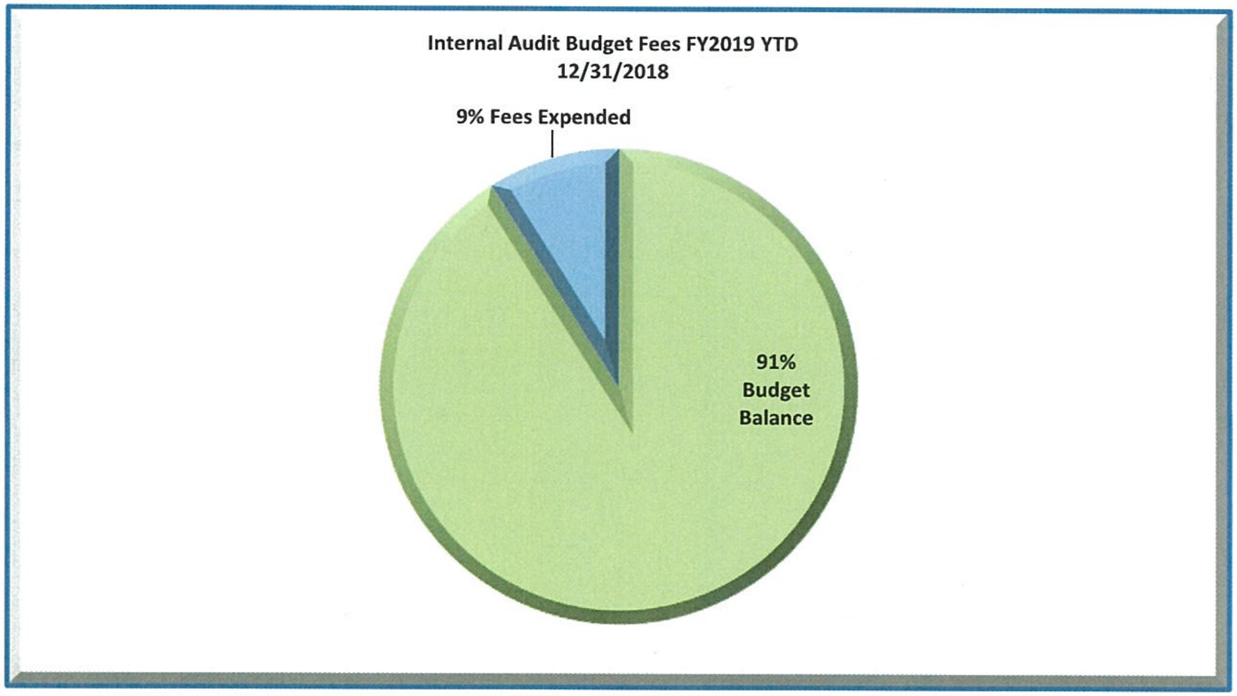
MJ McCONNELL & JONES LLP CERTIFIED PUBLIC ACCOUNTANTS

# Fiscal Year 2019 Internal Audit Plan Status (*Cont'd.*)

| Activity # | Audit | Planning | Fieldwork | Draft Report | Mgmt. Comments | Final Report | Issued |
|---|---|---|---|---|---|---|---|
| 11 | Follow-Up On Prior Audit Findings | Completed | In-Progress | | | | |
| 12 | Monitor of Fraud/Complaint Hotlines Lines | Continuous | Continuous | Continuous | Continuous | Continuous | Continuous |
| 13 | External Audit / Review Assistance | Continuous | Continuous | Continuous | Continuous | Continuous | Continuous |
| 14 | Update Risk Assessment & Develop 2019 Audit Plan | Not Started | | | | | |
| 15 | Annual Audit Report | Not Started | | | | | |
| 16 | Audit Communications, Committee Meetings, Project Management | Continuous | Continuous | Continuous | Continuous | Continuous | Continuous |

Legend: Not Started In-Progress Completed Continuous

# FY 2019 Internal Audit Budget as of December 31, 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.*

# Anticipated Activities Next Period

- Continue:
  - Drawings Studio Audit
- Complete:
  - the Centralized Audit Findings Data Base
  - HB2578 Implementation Audit
- Commence:
  - Audit of Cash 5 Game Changes
  - Cyber Security Audit
  - Retailer Incentive Program Audit