



# INTERNAL AUDIT SERVICES



## INTERNAL AUDIT REPORT JUNE 6, 2024

Information and Action Items



# Internal Audit Activities

## Internal Audit Activities Completed This period:

- Completed Legislative Change Management Processes.
- Completed Risk Assessment and Prepared Proposed FY2025 Annual Internal Audit Plan
- Prepared Internal Audit Charter for Audit Committee
- Prepared Annual Independence Statement

## Internal Audit Activities Anticipated Next Period:

- Issue Legislative Change Management Processes Audit Report
- Complete Procurement and Contracting Audit
- Complete Retailer Incentive & Bonus Program Audit
- Begin Bingo Licensing Audit.



# Internal Audit Independence Statement

The Texas Lottery Commission (TLC / Agency) has contracted with an external Certified Public Accounting firm, McConnell Jones, to administer its internal audit function. MJ's partner serves as the Agency's Chief Audit Executive.

The internal auditor must be independent in mind and in appearance. To achieve the degree of independence necessary to effectively carry out responsibilities of the internal audit activity, the internal auditor has direct and unrestricted access to senior management and the Commissioners. The internal audit function operates under the direction of the Commissioners. The chief audit executive reports functionally to the Audit Committee.

McConnell Jones, as the third-party provider of TLC's internal audit function is committed to maintaining independence and ensures that threats to independence are managed at the auditor level and at the audit engagement level. The Chief Audit Executive and all auditors discuss the respective audit and sign an independence form that is included in each set audit work-papers. If there are any threats to the auditor's independence, the impairment is listed in the form.

There were no identified or reported threats to the auditor's independence in 2023.



## **ACTION ITEM**

### **FY2025 Annual Internal Audit Plan**

*The proposed FY2025 Annual Internal Audit Plan will be provided separately.*