

Texas Lottery Commission

Public report of the 2010 Texas Lottery Security Study

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Table of contents

Section 1:	Overall evaluation of lottery security	1-2
Section 2:	Security study objectives and approach	2-3

Section 1: Overall evaluation of Lottery security

Based on the results of the security study performed by Grant Thornton, it appears that the Texas Lottery maintained effective security controls to ensure the integrity and overall security of the Lottery's operations, gaming services and instant and on-line ticket productions during the period reviewed. Grant Thornton did not identify any issues that would materially impact the integrity or overall security of the Texas Lottery's operations, gaming services or instant and on-line ticket productions. Grant Thornton noted recommendations for control remediation or security improvement opportunities in the following five areas to enhance Lottery security:

- Sales agent security;
- Security against ticket counterfeiting and alteration and against other means of fraudulent winning;
- Security of lottery drawings;
- Lottery computer, data communications, databases and systems security; and
- Lottery premises and warehouse security.

Texas Lottery management is responsible for evaluating the costs and benefits of implementing these recommendations. Grant Thornton does not advocate the implementation of recommendations that cannot be cost justified.

Section 2: Security study objectives and approach

The State Lottery Act, Texas Government Code § 466.020 (e) – (f), requires a bi-annual comprehensive security study. In 2010, the Lottery retained Grant Thornton LLP to perform this security study for the period of September 1, 2008, through August 31, 2010. The security study includes a comprehensive risk assessment and security controls evaluation for the following risk areas identified in the Act:

- Lottery personnel security;
- Sales agent security;
- Lottery operator and vendor security;
- Security against ticket counterfeiting and alteration and other means of fraudulent winning;
- Security of lottery drawings;
- Lottery computer, data communications, databases and systems security;
- Lottery premises and warehouse security;
- Security of distribution of tickets;
- Security of ticket validation and payment procedures;
- Security involving unclaimed prizes;
- Security aspects of each lottery game; and
- Security against the deliberate placement of winning tickets in lottery games involving pre-printed tickets by persons involved in the production, storage, transportation or distribution of tickets.

With Texas Lottery Commission agreement, Grant Thornton added web site security to this study.

The overall objective of the security study was to evaluate security measures established by management to support the integrity and security of the Texas Lottery's operations, gaming services and instant and on-line ticket productions. The security study was performed in conjunction with Texas Lottery management; the Texas Lottery's operator, GTECH; and the Texas Lottery's primary instant ticket manufacturer, Scientific Games International.

Grant Thornton's approach was not designed to specifically detect illegalities, fraudulent acts, errors or other irregularities. Rather, security control evaluation procedures were designed to test high-risk areas based on the results of a risk assessment and may not detect every security weakness. Grant Thornton did not attempt to corrupt or tamper with any Texas Lottery systems or information.

This study does not constitute an audit or attestation under generally accepted auditing standards.