IX.

McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

INTERNAL AUDIT SERVICES

TEXAS LOTTERY

STATUS REPORT TO THE COMMISSIONERS

JUNE 1, 2017

INFORMATION ITEM – NO ACTION REQUIRED

Internal Audit Services' activities during this period (March 16, 2017 through May 15, 2017) include:

- Drafted Retailer Management Audit Report

- Commenced the following audits:

  - Time and Attendance

  - Second Chance Drawings

Fiscal Year 2017 Internal Audit Plan Status

Activity #	Audit	Planning	Fieldwork	Draft Report	Mgmt. Comments	Final Report	Issued
1	Scratch Ticket Warehouse Receiving Controls	Completed	Completed	Completed	Completed	Completed	Completed
2	Scratch Ticket Pack Reconstruction	Completed	Completed	Completed	Completed	Completed	Completed
3	Bingo Audit Processes	Completed	Completed	Completed	Completed	Completed	Completed
4	Enforcement – Background Check and Investigation Processes	Completed	Completed	Completed	In-Progress		
5	Retailer Management	Completed	Completed	Completed	Completed	In-Progress	
6	Fraud Awareness Training	Completed	Completed	N/A	N/A	N/A	N/A
7	Time and Attendance	Completed	In-Progress				
8	Second Chance Drawing Process	Completed	In-Progress				
9	Crisis Management Plan	In-Progress					
10	Active Directory Audit	In-Progress					
11	Jackpot Estimation System	Not Started					

Legend: ◯ Not Started   ⚲ In-Progress   ✅ Completed   ♻ Continuous

Fiscal Year 2017 Internal Audit Plan Status Cont'd

Activity #	Audit	Planning	Fieldwork	Draft Report	Mgmt. Comments	Final Report	Issued
12	Scratch Ticket Working Paper Workflow System	◯					
13	Follow-Up On Prior Audit Findings	♻	♻	♻	♻	♻	♻
14	Monitor of Fraud/Complaint Hotlines Lines	♻	♻	♻	♻	♻	♻
15	External Audit / Review Assistance	♻	♻	♻	♻	♻	♻
16	Update Risk Assessment & Develop 2018 Audit Plan	◯					
17	Annual Audit Report	◯					

Legend: ◯ Not Started ＼ In-Progress
● Completed ♻ Continuous

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.

Internal Audit Budget Fees FY2017 YTD
4/30/2017

51% 49%

Budget Balance
Fees Expended

McCONNELL & JONES LLP
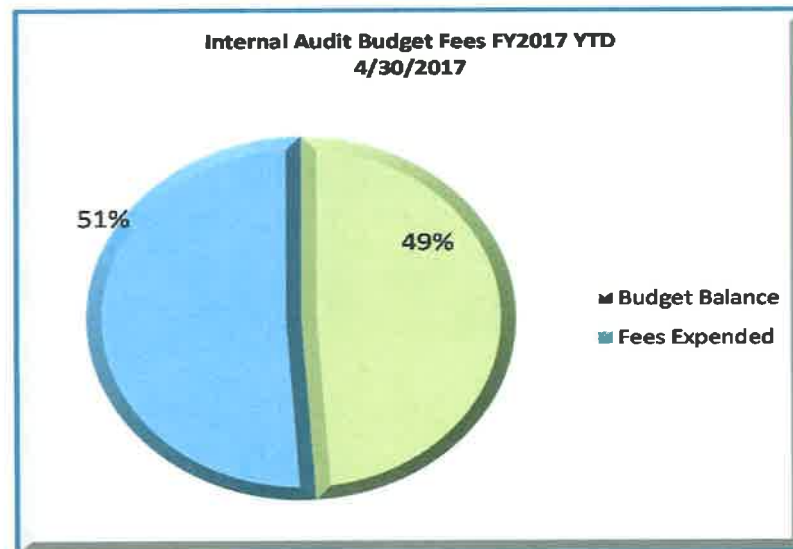
➢ **Begin:**

– Crisis Management Plan Audit

– Active Directory Audit

– Planning Jackpot Estimation Audit

– Planning Scratch Ticket Working Paper Workflow System Audit

➢ **Finalize:**

– Time and Attendance Audit

– Second Chance Drawing Audit