





**McCONNELL & JONES LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

# **INTERNAL AUDIT SERVICES**



## **INTERNAL AUDIT REPORTS**

**FEBRUARY 11, 2020**

Action Item – Revised FY 2021 Annual Internal Audit Plan

Informational Items – CAPPs Payroll Processes Audit Report Summary, CBOD ledger

Account Reconciliation Update



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# Revised FY 2021 Annual Internal Audit Plan Proposed

Audit/Audit Activity	Original FY 2021 Audit Plan Hours	Revised FY 2021 Audit Plan Hours	Original Estimated Fees	Revised Estimated Fees	Comment
Charitable Bingo Operations Division Ledger Account Reconciliations	-	1,938	\$ -	\$ 159,881	New - In Progress
Bingo Enforcement Orders	-	180	\$ -	\$ 20,894	Completed - From FY 2020
Records Retention	-	70	\$ -	\$ 11,889	Completed - From FY 2020
TLC Warehouse	-	100	\$ -	\$ 10,660	Completed - From FY 2020
Review and Monitoring of Vendor Software Changes	-	212	\$ -	\$ 24,832	Completed - From FY 2020
Claims Center Operations	245	8	\$ 32,420	\$ 1,359	Move to FY 2022
Workforce Management	325	24	\$ 43,661	\$ 4,076	Move to FY 2022
Payroll Processes	185	185	\$ 23,549	\$ 23,549	Completed
Agency Travel and Expense	221	-	\$ 26,789	\$ -	Move to FY 2022
Claims and Prize Payment Management	329	16	\$ 44,208	\$ 2,717	Move to FY 2022
Ticket and Game Management	329	-	\$ 45,235	\$ -	Move to FY 2022
Drawings Studio Operations	269	24	\$ 38,051	\$ 3,548	Move to FY 2022
Information System User Access Monitoring	65	48	\$ 8,468	\$ 6,085	On-Going
Follow-Up On Prior Audit Findings	77	61	\$ 9,304	\$ 7,789	On-Going
Monitor Ethics Line	8	8	\$ 1,359	\$ 1,359	On-Going
External Audit / Review Assistance	8	8	\$ 1,359	\$ 1,359	On-Going
Update Risk Assessment & Develop Audit Plan	97	57	\$ 14,651	\$ 9,177	Not Started
Annual Audit Report	7	7	\$ 1,081	\$ 1,081	Not Started
Audit Communications	53	53	\$ 8,630	\$ 8,630	On-Going
<b>Total</b>	<b>2,218</b>	<b>2,999</b>	<b>\$ 298,764</b>	<b>\$ 298,883</b>	

Internal Audit Requests Your Approval of the Revised FY 2021 Annual Internal Audit Plan



# CBOD Ledger Account Reconciliation Update

License Status	Conductor	Lessor	Unit	Manufacturer	Distributor	Total
Active/Active	864	280		16	10	1,170
Active/License Grace Period	45	22		2	1	70
Inactive/Application Withdrawn	365	151		8	10	534
Inactive/Canceled	2					2
Inactive/Conversion	58	171			1	230
Inactive/Discontinued	61	15		1	1	78
Inactive/Expired	980	413		13	22	1,428
Inactive/Issue in Error	4	4				8
Inactive/Surrendered	902	254		10	18	1,184
Inactive/Transferred		30				30
Pending/Application Pending	6	1				7
Terminated/Denied	152	25		1	5	183
Terminated/Duplicate Application	6					6
Terminated/Revoked	43	3				46
Terminated/Suspended	2					2
No Status Indicated			254			254
<b>Total Count of LICENSE_ID</b>	<b>3,490</b>	<b>1,369</b>		<b>51</b>	<b>68</b>	<b>4,978</b>
<b>Total Count of UNIT_ID</b>			<b>254</b>			<b>254</b>
<b>Total Accounts to Reconcile</b>						<b>5,232</b>
<b>Completed as of January 29, 2021</b>	0	0	0	37	53	90
<b>Balance to Review</b>	3,490	1,369	-	14	15	4,888

## Purpose:

To ensure ledger accounts reflect complete and accurate balances.

## Reconciliation Activities:

- ✓ Review Transactions and Support Documents.
- ✓ Identify Adjustments Required.
- ✓ Determine Bond Requirements and Status.

*License Status Numbers are Based Upon Reports Provided by TLC from Data in the Bingo Operating Service System (BOSS)  
Estimated Project Completion Date: March 31, 2021*



# CAPPS Payroll Processes Audit

Audit	Audit Rating	Number of Recommendations
21-003 CAPPS Payroll Processes	Best Practices with Effective Internal Controls	0

**Overall, management's internal control structure to assure payroll is accurate in the CAPPS HR/Payroll System are effective. The new HR/Payroll processes in place are appropriate to managing the agency's risks.**

### **Audit Objective:**

On July 13, 2020, the Texas Lottery Commission went live on the CAPPS HR/Payroll system. We performed this audit to assess management's internal control structure in place to ensure payroll is accurate in the CAPPS system.

### **Audit Focus:**

- ✓ System User Access and Roles
- ✓ System Configuration Segregation of Duties
- ✓ Payroll Processes



# FY 2021 Internal Audit Plan Status

## FY 2021 Audit Plan Status

### Schedule

Overall Status: Green Percentage Complete 55%

### Approved Audits and Activities

Audit #	Description	Percent Completed	Status
20-005	Background Investigations of Vendor Staff	90%	Reporting
20-002	Bingo Enforcement Orders	100%	Completed
20-003	CBOD Implementation of HB 914	100%	Completed
20-004	Records Retention	95%	Reporting
20-008	TLC Warehouse	100%	Completed
20-009	Review and Monitoring of Vendor Software Changes	100%	Completed
21-001	Claims Center Operations	20%	On-Hold
21-002	Workforce Management	5%	On-Hold
21-003	Payroll Processes	100%	Completed
21-004	Agency Travel and Expense	0%	On-Hold
21-005	Claims and Prize Payment Management	0%	On-Hold
21-006	Ticket and Game Management	0%	On-Hold
<b>Approved Audits and Activities</b>			
21-007	Drawings Studio Operations	5%	On-Hold
General Procedures - No Report	Information System User Access Monitoring	25%	In-Progress
General Procedures - No Report	Follow-Up On Prior Audit Findings	10%	In-Progress
General Procedures - No Report	Monitor Fraud/Complaint Hotlines Lines	10%	In-Progress
General Procedures - No Report	External Audit / Review Assistance	0%	Not Started
FY 2022 Annual Internal Audit Plan	Update Risk Assessment & Develop Audit Plan	0%	Not Started
FY 2021 Annual Internal Audit Report	Annual Audit Report	0%	Not Started
General Procedures - No Report	Audit Communications	10%	In-Progress
	Charitable Bingo Operations Division Ledger Account		
21-008	Reconciliations - Newly Approved Addition to FY 2021 Annual Internal Audit Plan	15%	In-Progress



## Internal Audit Activities

### Internal Audit Activities Completed This period:

- Completed audit of CAPPs Payroll Processes.
- Completed audit of the agency's monitoring of vendor software changes.
- Began Charitable Bingo Operations Division Ledger Account Reconciliations
- Monitored CBOD implementation of prior audit recommendations.
- Tested agency network user access. *No issues found.*

### Internal Audit Activities Anticipated Next Period:

- Continue working on the Charitable Bingo Operations Division Ledger Account Reconciliations
- Finalize the following audit reports:
  - TLC Monitoring and Testing of Lottery Vendor Software Changes
  - Agency Records Retention Processes