



McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

INTERNAL AUDIT SERVICES



INTERNAL AUDIT REPORTS

DECEMBER 3, 2020

Informational Item



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Internal Audit Services' activities during this period (September 16, 2020 through November 15, 2020) include:

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- Internal Audit Activities Planned for Next Period



Internal Audit Activities

Internal Audit Services' activities during this period (September 16, 2020 through November 15, 2020) include:

- Issued draft report for the CBOD Enforcement processes audit.
- Issued draft report for the agency's Records Retention audit.
- Issued final report of the agency's warehouse processes. (Note: This is not the ticket warehouse.)
- Continued to work with Lottery Operations leadership to gain an understanding of mail in claims processing and claims center operational adjustments.
- Began the agency's monitoring of vendor software changes audit.
- Monitored CBOD implementation of prior audit recommendations.



CBOD Audits

Audit Reports:

The Charitable Bingo Operations Division Compliance Program audit report will be provided prior to the commission meeting.

Audit Findings Follow-Up:

- ✓ *CBOD written procedures in-progress.*
- ✓ *CBOD audit process modifications completed.*
- ✓ *Staffing:*
 - *Accounting coordinator position filled, and accountant position posted.*
 - *Auditor positions – realignment of staff levels and job postings in-progress.*
 - *Salary adjustments – funding plan prepared by Office of Controller and CBOD Director.*
 - *Employee turnover and vacancies continue to be an issue.*
- ✓ *CBOD web page for prize fee voting results not updated to correct the errors identified.*
- ✓ *BOSS prize fee allocation tables not updated to reflect voting results.*
- ✓ *Ledger account reconciliation project not started.*



TLC Warehouse Operations Audit

Audit	Audit Rating	Number of Recommendations
20-008 CBOD TLC Warehouse Operations	Effective	0

The agency has sound processes and strong internal controls in place to ensure that warehouse operations protect the agency's assets, secure the facility, and provide a safe work environment for employees and visitors.

Audit Objective:

We performed this audit to assess management's internal control structure in place to ensure the warehouse security procedures are effective, safety guidelines are properly followed and the receiving and distribution processes are according to agency policies.

Audit Focus:

- ✓ Physical security
- ✓ Safety measures
- ✓ Receiving and distribution of goods/merchandise
- ✓ Inventory management



FY 2021 Internal Audit Plan Status

FY 2021 Audit Plan Status

Schedule

Overall Status: Green Percentage Complete 10%

Approved Audits

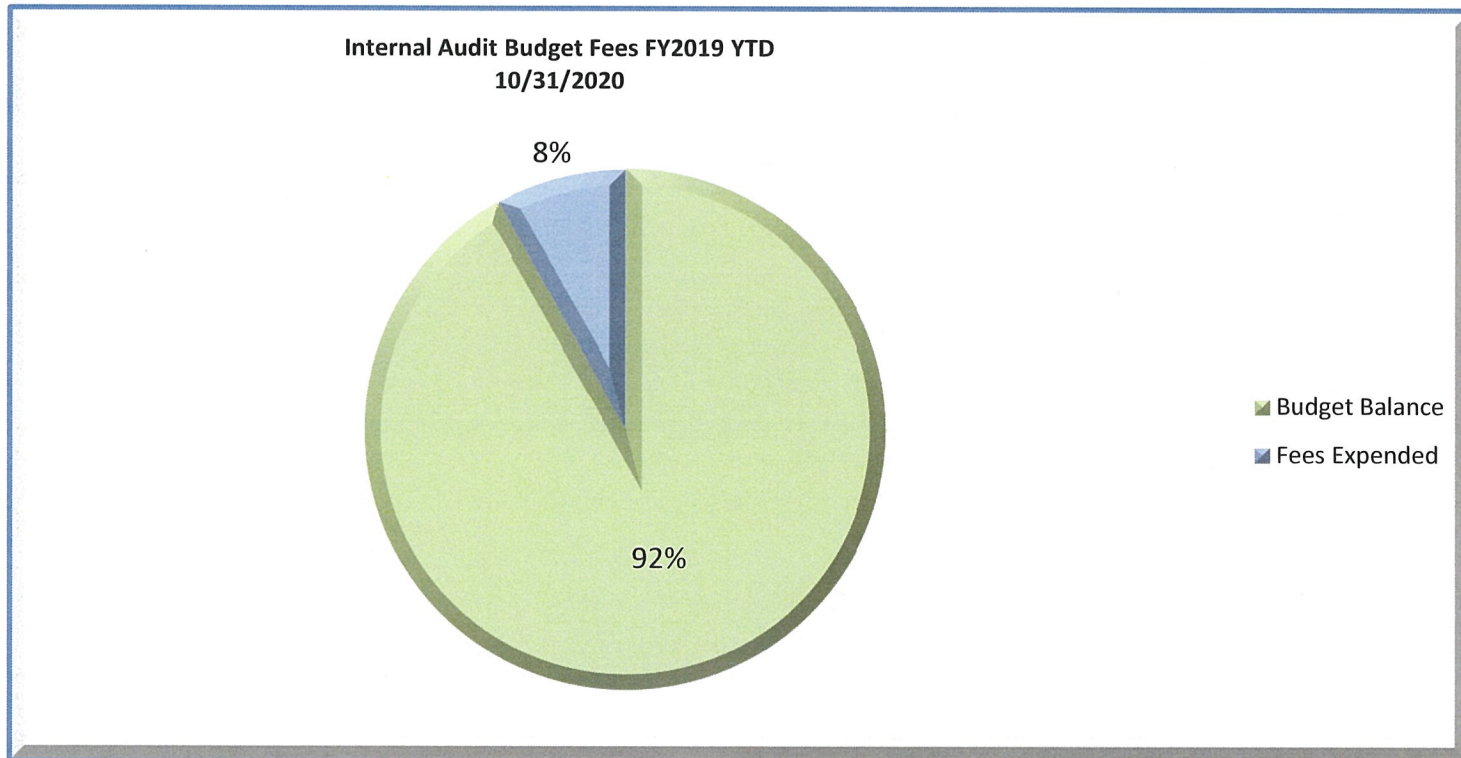
Audit #	Description	Percent Completed	Status
20-005	Background Investigations of Vendor Staff	90%	Reporting
20-002	Bingo Enforcement Orders	95%	Reporting
20-003	CBOD Implementation of HB 914	100%	Completed
20-004	Records Retention	95%	Reporting
20-008	TLC Warehouse	90%	In-Progress
20-009	Review and Monitoring of Vendor Software Changes	25%	In-Progress
21-001	Claims Center Operations	20%	In-Progress
21-002	Workforce Management	0%	Not Started
21-003	Payroll Processes	0%	Not Started
21-004	Agency Travel and Expense	0%	Not Started
21-005	Claims and Prize Payment Management	0%	Not Started
21-006	Ticket and Game Management	0%	Not Started
21-007	Drawings Studio Operations	0%	Not Started

Approved Audits

Audit #	Description	Percent Completed	Status
General Procedures - No Report	Information System User Access Monitoring	0%	Not Started
General Procedures - No Report	Follow-Up On Prior Audit Findings	5%	In-Progress
General Procedures - No Report	Monitor Fraud/Complaint Hotlines Lines	5%	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



FY 2021 Internal Audit Budget as of October 31, 2020



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 Activities

Anticipated Internal Audit Services' activities next period include:

- Continue working with Lottery Operations on the following audit activities:
 - Claims Center Operations
 - Mail In Ticket Claims Processing
 - Work with agency leadership on workforce management activities
 - Continue to follow-up on audit findings remediation status
- Complete the following audits:
 - TLC Monitoring and Testing of Lottery Vendor Software Changes
- Begin the following audit activities:
 - Payroll Processing