



TEXAS LOTTERY COMMISSION
REQUEST FOR PROPOSALS FOR
INTERNAL AUDIT SERVICES

#362-2025-0001

RESPONSES TO PROPOSERS'
QUESTIONS

April 3, 2025

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Note to All Prospective Proposers:

The following responses include questions submitted in writing by the RFP deadline.

In its answers to the following questions, the Texas Lottery has attempted to provide both accurate and thorough responses. Some answers may clarify or modify the RFP, and every Prospective Proposer is on notice of each answer's content. Answers that modify the RFP are so noted. Answers apply only to the facts as presented in each specific question.

The Texas Lottery reviewed all questions submitted by the deadline, but declines to respond to some questions when the Texas Lottery believes providing the information would impair competition or otherwise harm the interests of the Texas Lottery.

Proposers shall review all sections of the RFP along with this document to ensure a complete understanding of the requirements. Any exceptions to the RFP shall be noted in the proposal, as required under Section 2.7 of the RFP.

Please note: Any questions regarding the HUB Subcontracting Plan (HSP) are in a separate document that will be updated throughout the procurement process.

**PRE-PROPOSAL CONFERENCE QUESTIONS AND RESPONSES –
March 20, 2025**

[There were no questions received during the Pre-Proposal Conference.](#)

WRITTEN QUESTIONS RECEIVED BY March 27, 2025 @ 4 P.M.

1. In the Texas Lottery Commission's (TLC) FY 2025 Annual Internal Audit Plan, an audit was conducted on the "Information Technology Software Systems Development Lifecycle Advisory Engagement," covering both internally developed software and lottery operator-developed software. Could you provide more details on these systems, their primary functions, and any key risks or concerns TLC has identified related to them?

[RESPONSE: The Texas Lottery declines to answer the question.](#)

2. Beyond the systems referenced in the FY 2025 Annual Internal Audit Plan, what additional software systems and technology platforms does TLC utilize?

RESPONSE: The Texas Lottery has major systems as generically described in RFP Section 6.5.1 and will provide detailed information to the Successful Proposer.

3. What are TLC's expectations regarding the contractor's onsite presence for audits and meetings? Are there specific audits or activities that require in-person attendance versus those that can be conducted remotely?

RESPONSE: It is not unacceptable to perform audit work off-site; however, proposers should respond to Part 6 by stating how you would comply with that section and describe your methodology or approach. The Successful Proposer will be required to attend the Texas Lottery's governing board meetings which are held a minimum of 6 times per year.

4. Does TLC currently maintain an Enterprise Risk Management (ERM) system or formalized ERM process? If so, how is it integrated into the internal audit function?

RESPONSE: No.

5. Historically, how many internal audits does TLC's Internal Audit contractor complete annually? Is that in line with TLC's needs? Or does TLC expect/want more internal audits performed on an annual basis?

RESPONSE: You can view prior audit plans and reports at https://www.txlottery.org/export/sites/lottery/About_Us/Publications/Audits.html.

It is the Texas Lottery's expectation that the Successful Proposer shall review the entire scope of the RFP and make its own recommendations.

6. Would TLC be willing to provide its most recent risk assessment or the latest version of its risk register?

RESPONSE: The Texas Lottery will provide this information to the Successful Proposer.

7. How many hours of service were provided by the incumbent internal audit firm last year (2024)?

RESPONSE: There were approximately 775 hours provided by the incumbent internal audit firm last year (2024).

8. What was the fee for the services provided by the incumbent internal audit firm last year (2024)?

RESPONSE: The total contract amount for FY 2024 was \$124,754.

9. What is TLC's budgeted amount for the completion of the FY 2025 Internal Audit Plan?

RESPONSE: The annual budget is \$300,000.

10. Can the agency confirm the anticipated budget?

RESPONSE: Please see the response to question 9.

11. Is the agency agreeable to working remotely?

RESPONSE: Please see the response to question 3.

12. Is the agency agreeable to accepting experience in both government agencies and commercial industries?

RESPONSE: Please refer to RFP Sections 4.1, 4.2 and 4.3. Each Proposal will be evaluated independently using the criteria in RFP Section 2.15.5 and Attachment G.

13. Is the agency agreeable to accepting references in both government agencies and commercial industries?

RESPONSE: Please refer to RFP Section 4.3.

14. Does the TLC have an expected number of audits for the auditor to perform annually?

RESPONSE: It is the Texas Lottery's expectation that the Successful Proposer shall review the entire scope of the RFP and make its own recommendations.

15. How many hours were spent on each audit?

RESPONSE: Hours spent on each audit may vary. In addition, please see the response to question 7.

16. In previous years, have internal auditors worked onsite, remotely, or in a hybrid arrangement?

RESPONSE: In previous years, the internal auditors worked a hybrid schedule.

17. Is it customary for auditors to travel to locations outside of Austin?

RESPONSE: All locations of the agency are subject to the Contract and may include auditable units. The Commission's central office in Austin includes administrative offices, a lottery drawing studio, and a claim center. There is also a separate warehouse/business resumption facility in Austin; and, fifteen (15) claim centers that are located in Abilene, Amarillo, Beaumont, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Laredo, Lubbock, McAllen, Odessa, San

Antonio, Tyler and Victoria. The Austin, Dallas, Houston, Odessa and San Antonio offices each house a co-located Bingo regional office. The Commission's contracted Lottery Operator also maintains a scratch ticket warehouse where Commission staff are assigned in Austin.

18. How many individuals worked on the prior audit team?

RESPONSE: Approximately 10 individuals are assigned to the Texas Lottery project.

19. The RFP mentions that the successful proposer will manage EthicsPoint. Could you provide insight into the approximate number of reports received annually by the previous auditor and how many required further investigation?

RESPONSE: The Texas Lottery will provide this information to the Successful Proposer.

20. How many of the hours billed were spent on managing the EthicsPoint?

RESPONSE: The Internal Auditor has not spent significant number of hours on managing EthicsPoint.

21. How many major systems does the TLC have, and what are they?

RESPONSE: Please see the response to question 2.

22. How many significant processes, accounts, and controls does the TLC have?

RESPONSE: The Texas Lottery will provide this information to the Successful Proposer.

23. Please provide the number of controls by its control frequency (i.e., daily, monthly, quarterly, semi-annually, and annually).

RESPONSE: The Texas Lottery will provide this information to the Successful Proposer.

24. Does the TLC have any control deficiencies and significant deficiencies during the FY 2024 audit? If so, how many?

RESPONSE: The Texas Lottery declines to answer the question.

25. Please share the major pain point areas for the FY 2024 audit.

RESPONSE: The Texas Lottery declines to answer the question.

26. Is control deficiency remediation part of the scope?

RESPONSE: No.

27. How many major funds does the TLC have?

RESPONSE: The Texas Lottery will provide this information to the Successful Proposer.

28. On a scale of 1-5, how mature is the TLC's process documentation for in scope processes and systems (1 = documentation does not exist, and 5 = processes are fully documented with inputs, throughputs, outputs, control points, and key process step and control owners)?

RESPONSE: The Texas Lottery declines to answer the question.

29. Will the TLC dedicate any of its internal audit resources to the project? If so,

- a. How many resources?
- b. What are their levels?
- c. Approximately what percent of their time?

RESPONSE: No. Please refer to RFP Section 6.1.

30. Does the TLC expect the Successful Proposer to conduct the audits on-site, remote, or hybrid?

RESPONSE: Please see the response to question 3.

31. Are there any audits / audit areas that the governing board has requested to be reviewed on a recurring (annual or other frequency) basis?

RESPONSE: It is the Texas Lottery's expectation that the Successful Proposer shall review the entire scope of the RFP and make its own recommendations.

32. Are there any audits from the FY2025 Internal Audit Plan that have been postponed and are expected to be performed in FY2026? If yes, which audits?

RESPONSE: No.

33. **Section 2.16 - Site Visits and/or Oral Presentations:** What criteria will be used to evaluate the on-site visits/oral presentations during the proposal evaluation process?

RESPONSE: The Texas Lottery does not anticipate any site visits or oral presentations at this time for this procurement.

34. **Section 6.1 – Background and General Information:** Section 6.1.1 states that “an annual audit plan that is prepared using risk assessment techniques.” Can you please clarify if the successful proposer will first conduct a risk assessment, or will the Texas Lottery Commission conduct a risk assessment internally?

RESPONSE: It is the Texas Lottery’s expectation that the Successful Proposer shall review the entire scope of the RFP and make its own recommendations.

35. **Section 6.6 – Implementation of the Annual Audit Plan:** Section 6.6.2 states that “conducts audits as specified in the audit plan and document deviations.” Is there an expected number of internal audits to be conducted annually?

RESPONSE: It is the Texas Lottery’s expectation that the Successful Proposer shall review the entire scope of the RFP and make its own recommendations.

36. **Budget:** Can you please clarify if there is an expected budget amount for each internal audit to be completed, and/or an expected annual budgeted amount?

RESPONSE: Please see the response to question 9.

37. **Section 5 - Subcontractor:** Please clarify if the 23.7% HUB participation is a requirement for this engagement. Are we required to meet the 23.7% HUB participation goal?

RESPONSE: The agency’s HUB participation goal is 23.7%, as stated in Part 5.4.1 of the RFP. Proposer’s must meet this goal if they intend to subcontract portions of the Contract and use the Good Faith Effort Method A (2) – Meeting the Specified HUB Contract Goal by using a combination of Texas-certified HUBs and Non-HUB vendors for their identified subcontracting opportunities. The specified HUB contract goal can only be met by the subcontracting opportunities awarded to the Texas-certified HUB vendors with whom the Proposer has contracted for five years or less. Please see Part 5.4.3 of the RFP.

38. **Section 3.35 - Performance Bond:** If awarded, will we be required to provide an original performance bond (as shown in Attachment F attached hereto and incorporated herein for all purposes) in the amount of fifty thousand dollars (\$50,000) within fifteen (15) Days of execution of the Contract? Or is sufficient liability and E&O insurance coverage agreeable with TX Lottery as a named insured?

RESPONSE: A performance bond is required under RFP Section 3.35 and is required under the State Lottery Act; therefore, the Texas Lottery cannot accept alternatives.