

MINUTES

ARKANSAS LOTTERY COMMISSION

Monday, May 20, 2013

10:00 a.m.

**124 West Capitol Avenue, Third Floor
Little Rock, Arkansas**

Call to Order

Chairman Ben Pickard called the meeting to order. Commissioners George Hammons, Steve Faris, Bruce Engstrom, Raymond Frazier, Dianne Lamberth, Smokey Campbell, and Mark Scott were also present. Commissioner Mike Malone joined the meeting via conference call. Staff members present included Director Bishop Woosley, Chief Legal Counsel Jean Block, Maria Craig, Patti Vick, Lance Huey, Jerry Fetzer, Robert Stebbins, Mike Smith, Jeremy Smith, and Terry Williams. Internal Auditor Matt Brown attended via conference call. Chairman Pickard welcomed and recognized newly appointed commissioner Mark Scott.

Approval of Minutes

The first order of business was the approval of the minutes of the meeting held on April 29, 2013. Commissioner Lamberth made a motion to approve, seconded by Commissioner Engstrom, and the minutes were approved unanimously.

Report from the Internal Auditor

Internal Auditor Brown presented his monthly internal audit update (included in file). Mr. Brown noted that there were several items on the FY 2013 audit plan that were trending ahead of schedule, and the remaining items were progressing according to schedule. Commissioner Engstrom asked Mr. Brown what was involved in the Instant Ticket Vendor Review (Internal Audit Plan Project No. 46). Mr. Brown said that this was done at SGI headquarters in Alpharetta. A third party firm, Delehanty Consulting, LLC, coordinated the ticket review with ALC and several other lotteries. It involved auditing of a specific instant ticket game in ALC's inventory, from the security surrounding the development of the game, the printing of the game, etc. He added that Delahanty Consulting had just sent him a link to the report via e-mail and that he would be reviewing the report to see if there was anything unexpected and if so, to follow up as necessary. Commissioner Engstrom asked if Mr. Brown would be reporting back to the Commission after the review of the report, and Mr. Brown answered in the affirmative. Commissioner Frazier asked Mr. Brown to explain Internal Audit Plan Project No. 37, Financial Planning/Budgeting. Mr. Brown explained that Internal Audit was reviewing the development of ALC's annual budget, beginning with all of the input that Jerry Fetzer, ALC CFO, uses to put the budget together, all the way up to the delivery of the budget to the LOC. Mr. Brown stated that the only other item of note on the Status Report was project number 14F, BOS Administration Follow-up Procedures, which he said was delayed somewhat so as not to interfere with Legislative Audit's annual review, but that ALC Internal Audit would be picking that up again soon.

Report from the Director

Director Woosley started with Comparative Income Statements, April 2013 versus April, 2012. He stated that the Lottery was beginning to make some progress with instant tickets, with sales normalizing. He noted that although April 2013 sales were \$1.2 Million under April of last year, net proceeds were actually up a little over \$1 Million. On actual spending versus budget for April 2013, the Lottery was performing as anticipated. More instant tickets were sold than expected, but online ticket sales were down. On the Year-to-Date Comparative Income Statement the Lottery was still \$36 Million down from the beginning of the fiscal year, most of that due to weak sales in the months of July, August and September 2012. He said that the numbers would reflect an upward tick in May due to large Powerball and Mega Millions jackpots (\$590 Million and \$190 Million, respectively), adding that the week of May 12-19 was the third highest week for sales since start-up. He presented graphs of the May Powerball sales, showing the 14-draw run culminating in the largest ever Powerball jackpot, with sales to the Lottery of \$9.7 Million, \$2.2 Million of which sold on the draw date of May 18 alone. Commissioner Scott noted that \$4.5 Million of the run went toward scholarships.

Commissioner Scott stated that he had a few questions about the April 2013 budget. He noted that the actual amount spent on advertising during that month appeared to be \$135K over budget. Director Woosley said that it was just an annualized number, that is, the number shown in April's budget was simply the total advertising dollar amount divided by 12. Commissioner Scott asked if the dollars spent for the FY 2013 advertising budget would match the budgeted amount. Director Woosley said that advertising would come in a little below the budgeted amount.

FY2014 Annual Budget

Commissioner Engstrom asked Director Woosley to explain the increase in compensation and benefits for the upcoming year. Director Woosley deferred to Mr. Fetzer, who said that the primary reason was because the Governor had approved a 2% employee cost of living increase, as well as merit bonuses of 3%. Commissioner Engstrom asked Mr. Fetzer to explain the *Services Provided by Other Agencies*, as reflected on the Budget Detail Schedules. Mr. Fetzer said that ADHE was the primary recipient and that in an LOC Meeting late last year, Mr. Shane Broadway requested \$1.3 Million for administrative costs for FY 2014. His agency spent only \$838 Thousand during FY 2013, but Mr. Broadway stated to the LOC that his agency anticipated spending \$1.3 to \$1.5 Million during the next fiscal year due to the legislative changes in scholarship funding.

Director Woosley summarized the FY 2014 budget as reflecting flat sales. He said the budget included the ALC-approved \$250 thousand promotional budget to try and boost sales. He stated that the budget was reflective of the trends observed during the past year and that the goal was to present a budget that was as conservative and accurate as possible.

Chairman Pickard asked how the Lottery was doing on promotions. Director Woosley said that the results have been very positive and that the Lottery has earned money on each promotion.

Director Woosley thanked Mike Smith, Robert Stebbins and Joanna Bunten for the work they have done on planning the promotions.

Commissioner Scott noted that under Vacant Positions, he did not see a line item for Julie Baldridge's replacement. He asked if there was a succession plan. Director Woosley stated that the position would be filled, but that the agency would probably have to go back to the LOC, breaking that position down. He added that there were three positions that would need to be filled. Chairman Pickard added that those changes would have to go through ALC's personnel committee.

Director Woosley asked for formal approval of the FY 2014 Annual Budget. Commissioner Frazier made a motion to approve the budget, Commissioner Engstrom seconded the motion, and the motion passed unanimously.

CAFR (Comprehensive Annual Financial Report) Award

Director Woosley congratulated Mr. Fetzer, Ms. Bunten and their teams for being awarded the *Certificate of Achievement in Excellence in Financial Reporting* for the FY2012 CAFR. This award is presented "to those in government units whose annual financial reports are judged to adhere to program standards and which represents the highest award in government financial reporting." Chairman Pickard added that the CAFR took an amazing amount of work and that it was a really nice product. He said that he had received several compliments from the colleges and that they were appreciative for including students so prominently.

Election of Officers

Chairman Pickard thanked Director Woosley, Matt Brown, Patti Vick, and the rest of the ALC staff, as well as Patrick Ralston (Bureau of Legislative Research), and stated that it was his pleasure to have served as ALC Chairman for a year. Commissioner Faris thanked Chairman Pickard for a job well done and this was echoed by the other commissioners. Director Woosley thanked Chairman Pickard on behalf of the staff. Commissioner Faris proposed that there be the normal order of succession, and that Commissioner George Hammons be elected Chairman by acclamation. This was seconded by Commissioner Lamberth, and the motion was unanimous. Commissioner Pickard stated that Commissioner Faris would become Vice Chair and he requested invitations for Secretary-Treasurer. Commissioner Faris nominated Commissioner Campbell, this was seconded by Mark Scott, and the motion was unanimously passed.

Commissioner Pickard officially turned the meeting over to Chairman Hammons.

Other Business

Director Woosley asked if committee appointments would be decided at today's meeting. Commissioner Faris asked if he could remain on his current committees. Commissioner Hammons asked that Commissioners provide him with an affirmative statement if they wished to remain on their current committees.

Meeting Date

Chairman Hammons stated that the commission would continue to meet on the third Monday of each month. Director Woosley said that he would be at the MUSL Directors Meeting on June 17, which was the 3rd Monday of June, and proposed either the week before or the week after that date. The commission agreed to meet at 10:00 on Monday, June 24.

There being no further business, the meeting was adjourned.



Report from the Director
June 24, 2013

Comparative Income Statements

May 2013 and 2012

| GAAP Basis Income | | | Favorable/ (Unfavorable) | Percentage Variance |
|--------------------------|---------------------|---------------------|-----------------------------|------------------------|
| <u>Statement</u> | <u>May 2013</u> | <u>May 2012</u> | | |
| Revenues | | | | |
| Instant Tickets | \$ 29,861,403 | \$ 31,133,757 | \$ (1,272,354) | -4.1% |
| Online Tickets | 12,379,605 | 5,711,983 | 6,667,622 | 116.7% |
| Retailer App/Fidelity | <u>40,976</u> | <u>41,418</u> | <u>(442)</u> | <u>-1.1%</u> |
| TOTAL Revenues | <u>42,281,984</u> | <u>36,887,158</u> | <u>5,394,826</u> | <u>14.6%</u> |
| Operating Expense | | | | |
| Instant Prizes Net | 21,556,414 | 22,057,348 | 500,934 | 2.3% |
| Online Prizes Net | 6,312,798 | 3,498,785 | (2,814,013) | -80.4% |
| Retailer Commissions | 2,330,472 | 2,049,834 | (280,638) | -13.7% |
| Gaming Contract Costs | 1,979,278 | 1,873,633 | (105,645) | -5.6% |
| Advertising | 543,727 | 475,321 | (68,406) | -14.4% |
| General and Admin. | 604,127 | 590,854 | (13,273) | -2.2% |
| Other Agency Services | <u>110,000</u> | <u>109,440</u> | <u>(560)</u> | <u>-0.5%</u> |
| TOTAL Operating Expenses | <u>33,436,816</u> | <u>30,655,215</u> | <u>(2,781,601)</u> | <u>-9.1%</u> |
| Operating Income | 8,845,168 | 6,231,943 | 2,613,225 | 41.9% |
| Interest Income | <u>24,972</u> | <u>31,965</u> | <u>(6,993)</u> | <u>-21.9%</u> |
| Income Before Transfers | \$ <u>8,870,140</u> | \$ <u>6,263,908</u> | \$ <u>2,606,232</u> | <u>41.6%</u> |
| Net Proceeds | \$ <u>9,894,348</u> | \$ <u>7,571,654</u> | \$ <u>2,322,694</u> | <u>30.7%</u> |

Note A – May 31, 2013 Net Proceeds excludes unclaimed prizes of \$253,558 that will be recognized at year end June 30, 2013 and 2012 includes unclaimed prizes.

Comparative Income Statements

Actual Versus Budget May 2013

| GAAP Basis Income <u>Statement</u> | May 2013 <u>Actual</u> | May 2013 <u>Budget</u> | Favorable/ <u>(Unfavorable)</u> | Percentage <u>Variance</u> |
|---------------------------------------|----------------------------|----------------------------|------------------------------------|-------------------------------|
| Revenues | | | | |
| Instant tickets | \$ 29,861,403 | \$ 38,652,500 | \$ (8,791,097) | -22.7% |
| Online Tickets | 12,379,605 | 6,258,700 | 6,120,905 | 97.8% |
| Retailer App/Fidelity | <u>40,976</u> | <u>45,800</u> | <u>(4,824)</u> | <u>-10.5%</u> |
| TOTAL Revenues | <u>42,281,984</u> | <u>44,957,000</u> | <u>(2,675,016)</u> | <u>-6.0%</u> |
| Operating Expense | | | | |
| Instant Game Prizes | 21,556,414 | 26,778,527 | 5,222,113 | 19.5% |
| Online Game Prizes | 6,312,798 | 3,150,473 | (3,162,325) | 100.4% |
| Retailer Commissions | 2,330,472 | 2,541,700 | 211,228 | 8.3% |
| Gaming Contract Cost | 1,979,278 | 2,123,400 | 144,122 | 6.8% |
| Advertising | 543,727 | 456,945 | (86,782) | -19.0% |
| General and Admin. | 604,127 | 645,287 | 41,160 | 6.4% |
| Other Agency Service | <u>110,000</u> | <u>129,100</u> | <u>19,100</u> | <u>14.8%</u> |
| TOTAL Operating Expenses | <u>33,436,816</u> | <u>35,825,432</u> | <u>2,388,616</u> | <u>6.7%</u> |
| Operating Income | 8,845,168 | 9,131,568 | (286,400) | -3.1% |
| Interest Income | <u>24,972</u> | <u>26,700</u> | <u>(1,728)</u> | <u>-6.5%</u> |
| Income before transfers | \$ <u>8,870,140</u> | \$ <u>9,158,268</u> | \$ <u>(288,128)</u> | <u>-3.1%</u> |
| Net Proceeds | \$ <u>9,894,348</u> | \$ <u>9,158,268</u> | \$ <u>736,080</u> | <u>8.0%</u> |

Note A – May 31, 2013 Net Proceeds excludes unclaimed prizes of \$253,558 that will be recognized at year end June 30, 2013 and May 31, 2013 Budget includes unclaimed prizes.

Comparative Income Statements

YTD May 31, 2013 Compared to May 31, 2012

| <u>Statement</u> | <u>Actual</u> <u>YTD 5/31/13</u> | <u>Actual</u> <u>YTD 5/31/12</u> | <u>Favorable/</u> <u>(Unfavorable)</u> | <u>Percentage</u> <u>Variance</u> |
|---------------------------------|-------------------------------------|-------------------------------------|---|--------------------------------------|
| Revenues | | | | |
| Instant tickets | \$ 329,159,417 | \$ 362,838,168 | \$ (33,678,751) | -9.3% |
| Online Tickets | 78,436,587 | 75,737,194 | 2,699,393 | 3.6% |
| Retailer app. fidelity | <u>509,750</u> | <u>556,316</u> | <u>(46,566)</u> | <u>-8.4%</u> |
| TOTAL Revenues | <u>408,105,754</u> | <u>439,131,678</u> | <u>(31,025,924)</u> | <u>-7.1%</u> |
| Operating Expense | | | | |
| Instant Prizes Net | 232,021,654 | 254,097,590 | 22,075,936 | 8.7% |
| Online Prizes Net | 38,719,669 | 38,215,802 | (503,867) | -1.3% |
| Retailer Commissions | 22,788,985 | 24,601,665 | 1,812,680 | 7.4% |
| Gaming Contract Costs | 20,299,539 | 22,535,561 | 2,236,022 | 9.9% |
| Advertising | 3,837,251 | 3,850,365 | 13,114 | 0.3% |
| General and Admin. | 6,409,192 | 6,477,834 | 68,642 | 1.1% |
| Other Agency Services | <u>1,348,880</u> | <u>1,363,280</u> | <u>14,400</u> | <u>1.1%</u> |
| TOTAL Operating Expenses | <u>325,425,170</u> | <u>351,142,097</u> | <u>25,716,927</u> | <u>7.3%</u> |
| Operating Income | 82,680,584 | 87,989,581 | (5,308,997) | -6.0% |
| Interest Income | <u>294,248</u> | <u>318,153</u> | <u>(23,905)</u> | <u>-7.5%</u> |
| Income before transfers | \$ <u>82,974,832</u> | \$ <u>88,307,734</u> | \$ <u>(5,332,902)</u> | <u>-6.0%</u> |
| Net Proceeds | \$ <u>81,320,966</u> | \$ <u>88,403,303</u> | \$ <u>(7,082,337)</u> | <u>-8.0%</u> |

Note A – May 31, 2013 Net Proceeds excludes unclaimed prizes of \$4,426,321 that will recognized at year end June 30, 2013 and 2012 includes unclaimed prizes.

ADHE Transfer Analysis

| <u>Month</u> | <u>2013 Transfers</u> | <u>2013 Unclaimed Prizes</u> | <u>2013 Budget</u> | <u>Over/Under Budget</u> | <u>Cumulative Balance</u> |
|---|---------------------------|----------------------------------|------------------------|------------------------------|-------------------------------|
| July, 2012 | \$4,752,502 | 475,984 | \$ 7,522,865 | -\$2,294,379 | -\$2,294,379 |
| August | 7,193,286 | 339,013 | 7,451,392 | 80,907 | -2,213,472 |
| September | 6,584,957 | 736,068 | 7,058,362 | 262,663 | -1,950,809 |
| October | 6,632,866 | 445,361 | 7,756,011 | -677,784 | -2,628,593 |
| November | 8,443,936 | 80,425 | 7,473,772 | 1,050,589 | -1,578,005 |
| December | 6,914,261 | 445,555 | 8,809,750 | -1,449,934 | -3,027,939 |
| January, 2013 | 6,538,953 | 997,935 | 8,675,137 | -1,138,249 | -4,166,188 |
| February | 6,447,119 | 130,658 | 8,911,452 | -2,333,675 | -6,499,863 |
| March | 9,775,273 | 138,019 | 9,887,846 | 25,446 | -6,474,417 |
| April | 8,143,467 | 383,745 | 7,986,661 | 540,551 | -5,933,866 |
| May | 9,894,348 | 253,558 | 9,158,268 | 989,638 | -4,944,228 |
| June | | | 7,808,484 | | |
| Totals | <u>\$81,320,967</u> | <u>\$4,426,321</u> | <u>\$98,500,000</u> | | |
| Revised 2013 Estimate to \$90,000,000 | <u>\$81,320,967</u> | <u>\$4,426,321</u> | <u>\$82,991,516</u> | | +2,755,772 |

**Arkansas Lottery Commission
Monthly Internal Audit Update
June 24, 2013**

| | | |
|---|-------|---|
| FY 2013 Audit Plan Status Report | | 2 |
| FY 2013 Audit Plan Follow-Up Status Report | | 3 |
| Accounting Close & Reporting Audit | | 4 |
| Internal Audit Project Universe (for reference) | | 5 |

**Arkansas Lottery Commission
FY 2013 Internal Audit Plan
Status Report
June 24, 2013**

| Project Number ¹ | Project Category | Project | Description | Status ² | Comments | Estimated Remaining Hours ³ |
|-----------------------------|--------------------|--|---|------------------------|---|--|
| 32 | Audit | Education Trust Fund | Controls and procedures that ensure existence and proper handling of education trust and shortfall reserve funds. | In Progress | Status Update: Fieldwork for first 11 months of the fiscal year is substantially complete. Only work for June 2013 and the reporting process remains. | 60 |
| 33 | Audit | Employee Travel Reimbursements | Controls and procedures surrounding employee travel reimbursements, including travel documentation and accurate travel and expense reimbursement reporting. | In Progress | Status Update: Fieldwork for first 11 months of the fiscal year is substantially complete. Only work for June 2013 and the reporting process remains. | 25 |
| 36 | Audit | Accounting Close & Reporting | Controls and procedures surrounding the weekly/monthly accounting close and reporting processes, including development of the preliminary financial statements provided to the LOC. | Complete | Status Update: Report issued on June 3, 2013. See additional discussion on Page 4. | - |
| 36A | Audit | Financial Accounting & CAFR | Controls and procedures surrounding production of the external financial statements, related notes to the statements, and other items/schedules included in the CAFR. | In Progress | Status Update: Fieldwork began week of May 20, 2013. Aspects of fieldwork expected to continue through August / September, due to timing of CAFR compilation and finalization. | 60 |
| 37 | Audit | Financial Planning/Budgeting | Controls and procedures surrounding the planning and budgeting process, including management assumptions, budget compilation, and long-range planning. | Substantially Complete | Status Update: Reporting process in finalization stages; report expected to be issued within a week. | 5 |
| 46 | Consulting Project | Instant Ticket Vendor Security Review (Biennially) | Coordinated security review of instant ticket vendor (Scientific Games) with outside firm. | Complete | Status Update: Report received from Delehanty Consulting week of May 20, 2013. | - |

Total Estimated Hours to Complete FY 2013 Plan

150

Notes

¹Project Number based on number of all projects within the project universe. See Page 5 for complete, numbered project universe.

²Definition of Project Status: Scheduled - Project has been scheduled and is included in the Internal Audit master schedule. Project timing subject to change based on a number of factors including business need, internal audit resources, etc.; Planning Stage - Project planning beyond scheduling has begun. Actual fieldwork may be several weeks away and finalization of all phases of the project may be several months away; In Progress - Fieldwork is underway. Project completion and finalization may still be several weeks away; Complete - Project is complete for the fiscal year unless otherwise noted (i.e. partially complete, substantially complete).

³Estimated hours to complete based on current knowledge of expected scope and complexity of the project. Actual hours needed to complete a project are subject to change based on the overall complexity of the project (including the nature and volume of any audit findings), the timing of the project, the availability of Internal Audit resources, and the discretion of the Internal Auditor and/or Audit Committee.

**Arkansas Lottery Commission
FY 2013 Follow-Up Procedures
Status Report
June 24, 2013**

| Project Number ¹ | Project Category | Project | Description | Status ² | Comments | Estimated Remaining Hours ³ |
|-----------------------------|------------------|--|---|---------------------|---|--|
| 10F | Audit Follow-Up | IT Gaming Quality Assurance Follow-Up Procedures | Follow-up procedures regarding observations from FY 2013 audit. | Open | Status Update: Deferred to FY 2014 audit plan. Estimated to take 40 hours during FY 2014. | - |
| 14F | Audit Follow-Up | Back Office System (BOS) Administration Follow-Up Procedures | Follow-up procedures regarding observations from FY 2013 audit. | Open | Status Update: Deferred to FY 2014 audit plan. Estimated to take 150 hours during FY 2014. | - |

**Total Estimated Hours to Complete FY 2013
Follow-Up Procedures**

-

Notes

¹Project Number based on number of all projects within the project universe. "F" indicates follow-up procedures. Follow-up procedures for audits in a given fiscal year may be incorporated into the following fiscal year's audit plan depending on several factors, including the timing of any Management remediation activities and available Internal Audit resources. See Page 5 for complete, numbered project universe.

²Definition of Project Status: Open - Timing of project not yet determined; Scheduled - Project has been scheduled and is included in the Internal Audit master schedule. Project timing subject to change based on a number of factors including business need, internal audit resources, etc.; Planning Stage - Project planning beyond scheduling has begun. Actual fieldwork may be several weeks away and finalization of all phases of the project may be several months away; In Progress - Fieldwork is underway. Project completion and finalization may still be several weeks away; Complete - Project is complete for the fiscal year unless otherwise noted (i.e. partially complete, substantially complete).

³Estimated hours to complete based on current knowledge of expected scope and complexity of the project. Actual hours needed to complete a project are subject to change based on the overall complexity of the project (including the nature and volume of any audit findings), the timing of the project, the availability of Internal Audit resources, and the discretion of the Internal Auditor and/or Audit & Legal Committee.

**Arkansas Lottery Commission
Accounting Close & Reporting Audit
FY 2013
June 24, 2013**

General Information

- Audit centered on processes, controls, and procedures relative to assure that accounting transactions are completely and accurately recorded at the correct amount and appropriately reflected in the interim, unaudited financial statements at the end of each accounting period.
- Fieldwork included transactions from July 1, 2012 through March 31, 2013.

Observation

- Inconsistency in application of standards regarding completion of bank and general ledger account reconciliations.
 - Reconciliations without documentation of who completed and reviewed the reconciliations were noted.
 - Additionally, one account reconciliation selected for testing was missing, and another included a mathematical error.
 - Management identified the completion / review documentation issue early in the fiscal year, and while improvement was noted throughout the year, it was not completely resolved subsequent to this identification.
 - There are compensating controls where Management places reliance that mitigate potential exposure resulting from reconciliations that do not indicate evidence of review and/or are missing for a given month.
 - Internal Audit (IA) recommended that Management establish a standard account reconciliation policy that covers both bank and general ledger accounts, and specifically addresses their frequency, the documentation standards relative to completion and review they will require, the level of review they will require, and other general expectations regarding the reconciliation process.
 - Management has responded stating that a process and procedures document that outlines the expectations regarding account reconciliations will be developed, and that such document will address the primary considerations included in IA's recommendation.
 - Follow-up audit procedures, when appropriate, are required in order for IA to consider the observation cleared.

Arkansas Lottery Commission
Internal Audit
Internal Audit Project Universe for FY2013 - FY2015 Audit Plan

Legal - Block

- 1 Online Games & Gaming System Contract Compliance FY14
- 2 Instant Ticket Lottery Game Services Contract Compliance
- 3 Banking Contract Compliance FY15
- 4 Advertising Contract Compliance FY15
- 5 Record Retention FY15
- 6 Legal Compliance & Monitoring FY15

Gaming & Product Development - Smith

- 7 Instant & Online Ticket Game Development FY14
- 8 Points for Prizes & Play It Again FY14
- 9 IT Gaming Operations FY14
- 10 IT Gaming Quality Assurance FY13
- 11 Instant Ticket Quality FY13 FY15

Security & Licensing - Huey

- 12 Lottery Facilities Security & Controls FY15
- 13 In-State Draw Security & Controls FY14
- 14 Back Office System (BOS) Administration FY13
- 15 Instant Ticket Warehouse Operations FY15
- 16 Licensing & Retailer Compliance
- 17 Security Investigations FY14

Human Resources - Basham

- 18 Background Checks FY15
- 19 Human Resource Processes (Hiring, Benefits, Terminations, etc.) FY15

Commission & Legislative Affairs - TBD

- 20 Public & Legislative Relations FY15

Sales - Stebbins

- 21 Sales Force Reporting FY15

Marketing - Bunten

- 22 Advertising & Marketing (excl Contract Compliance) FY15

Treasury - Fetzer/Parrish

- 23 Prize Validations & Payments FY14
- 24 Cash Receipts FY15
- 25 Retailer Sweeps/Commissions/Accts Receivable & Adjustments
- 26 Cash Management FY15

Financial Control - Fetzer/Williams

- 27 Fixed Assets FY15
- 28 Accounts Payable/Purchasing/Expenditures FY13
- 29 Payroll & Leave FY14
- 30 Federal & State Tax Withholding & Reporting FY14
- 31 Unclaimed Prize Fund FY15
- 32 Education Trust Fund FY13
- 33 Employee Travel Reimbursements FY13
- 34 Revenue/Prize Payments/Reserves - Online Games
- 35 Revenue/Prize Payments - Instant Ticket Games
- 36 Accounting Close & Reporting FY13
- 36A Financial Accounting & CAFR FY13
- 37 Financial Planning/Budgeting FY13

Information Technology - Fetzer/Gilmore/Smith

- 38 IT General Controls FY14
- 39 Disaster Recovery/Business Continuity FY14
- 40 IT Help Desk & Desktop Support FY15

Internal Operations - Fetzer

- 41 Lottery Vehicles FY15
- 42 Building & Facility Maintenance FY15

Projects Not Included in Risk Assessment*

- 43 Facilitation/Review of Risk Assessment required by DFA (Biennially)
 - 44 Gaming System SSAE 16 SOC1 Review (Annually) FY14
 - 45 Financial Statements & CAFR Review (Annually)
 - 46 Instant Ticket Vendor Security Review (Biennially) FY13 FY15
- * These items are excluded from the risk assessment process due to their consultative nature; no official report will be issued for these projects, but the Audit & Legal Committee and the Arkansas Lottery Commission will be updated on project progress and completion.*