

## **Lottery Security 20DP-01**

### **Montana Lottery, Department of Administration**

**Audit Objectives:** *(what the audit intends to accomplish, or questions auditors will answer)*

1. Determine if third-party assurances are scoped to ensure the integrity and security of Montana Lottery operations.
2. Determine if Montana Lottery manages sports betting accounts according to state law and rule to ensure authorized play and payout occur.
3. Determine if Montana Lottery has continuity planning protocols to minimize organizational disruptions.

**Audit Scope:** *(the boundary of the audit & subject matter auditors will assess)*

- Review third party hardware, software, and network components involved in Lottery services.
- Review current audits performed on the third party and evaluate what risks exist related to areas that are not covered.
  - o Determine contractual obligations of third party with regard to ownership and maintenance, and whether any of the risks identified are due to contractual noncompliance.
- Review the rules and laws that determine who is and who is not eligible to engage in Lottery sports betting.
- Evaluate the procedures used by Lottery to prevent ineligible players from sports betting and whether they are enforcing the other account restrictions in accordance with law and state policy.
- Evaluate Lottery's continuity plan compared to the requirements of the State of Montana security policy and the standards defined in the Montana Continuity of Government program.
- Evaluate third party continuity plan using the same criteria.
  - o Identify risks associated with any deficiencies found in the plans and how they could affect Lottery's continued operation in a disruption
  - o Determine whether any of the risks identified associated with third party's plan are due to contractual noncompliance

(flip over)

**23-7-411. Audit of lottery security.**(1) After the first 9 months of sales to the public and every 2 years after that, the office of the legislative auditor shall conduct or have conducted a comprehensive audit of all aspects of security in the operation of the lottery. The costs of the audit are a state lottery operating expense and must be paid out of the state lottery fund. The audit must include:

- (a) personnel security;
- (b) lottery sales agent security;
- (c) lottery contractor security;
- (d) security of manufacturing operations of lottery contractors;
- (e) security against ticket or chance counterfeiting and alteration and other means of fraudulently winning;
- (f) security of drawings among entries or finalists;
- (g) computer security;
- (h) data communications security;
- (i) database security;
- (j) systems security;
- (k) lottery premises and warehouse security;
- (l) security in distribution;
- (m) security involving validation and payment procedures;
- (n) security involving unclaimed prizes;
- (o) security aspects applicable to each particular lottery game;
- (p) security of drawings in games whenever winners are determined by drawings;
- (q) the completeness of security against locating winners in lottery games with preprinted winners by persons involved in their production, storage, distribution, administration, or sales; and
- (r) any other aspects of security applicable to any particular lottery game and to the lottery and its operations.

(2) The security audit report must be presented to the commission, the director, the governor, the president of the senate, and the speaker of the house of representatives.