

**Finance Audit Committee Meeting
New Mexico Lottery Authority
October 19, 2016
MINUTES**

Call to Order: M. Koson called the meeting to order at 1:03 p.m., and asked for a roll call. Present and constituting a quorum were; Mark Koson and Dan Salzwedel via phone.

Present from NMLA were; David Barden, Sylvia Jaramillo, Michael Boland and Wilma Atencio. Also present were; Matt Bone, Jane Tinker and Elizabeth Nunez with CliftonLarsonAllen.

Approve Proposed Agenda: M. Koson called for a motion to approve the proposed agenda. D. Salzwedel moved to accept the proposed agenda as presented; second by M. Koson. Carried; 2-0.

Public Comment: None.

FINANCE AUDIT Committee Report – M, Koson, Committee Chair:

Executive Closed Session – FY 16 Financial Audit Exit Conference: At 1:05 p.m. M. Koson called for a motion to move into closed executive session. D. Salzwedel made the motion for the finance audit committee to go into executive session pursuant to the Audit Act, NMSA 1978, Section 12-6-5(A), which declares that the annual audit report is not deemed to be a public record until five days after the report is sent to the New Mexico Lottery Authority; second by M. Koson.

Board Member John Kubiak joined meeting at 1:08 p.m.

At 1:32 p.m. M. Koson called for a motion to come out of Executive Session. D. Salzwedel moved to bring the finance audit committee back to a public session and affirm in the motion that no votes or decisions were made during the executive session that was outside the topic of the FY 2016 Financial Audit Exit Conference; second by J. Kubiak.

Complementary User Entity (CUE) Controls Consulting Engagement: M. Boland reported this report isn't an audit or review, but a consulting report to help the lottery ensure that our controls are complementary and work in conjunction with Intralot system controls. This engagement report ensures Intralot system controls are sufficiently in place as designed and operating effectively. The lottery can use this as an accountability report for its online vendor. This report is another component of the SSAE 16 Audit Report.

There are 19 complimentary user entity controls used by the lottery. Internal Audit reviewed all these areas and made 6 recommendations. Some of these recommendations apply to the Back Office System that went under a conversion with Intralot late last year. The recommendations were addressed by management by implementing processes and procedures.

The Finance Audit committee commends lottery management and Internal Audit in taking a proactive stance with this consulting engagement report.


M. Koson entertained a motion to approve the Complementary User Entity Controls Consulting Engagement report as presented. D. Salzwedel made a motion to accept the report as presented by M. Boland; second by J. Kubiak. Carried; 3-0.

NMLA Network Penetration Testing Update: M. Boland reported that this item is information only and wanted to advise the Board that the lottery is being proactive in its penetration testing over our

network system. The lottery received great reviews from our independent third party vendor who recently tested the system back in August. If we were to get scored on our penetration testing, we would receive a score of 702 (similar to that of FICO credit scoring), which is great in comparison to other lotteries who generally receive a score of 450 to 600. The IT department has done an exceptional job in maintaining controls. This is the second year that Risk Sense has completed its testing on our system and we have improved from our initial testing. No other information provided.

Other: None

ADJOURNMENT: M. Koson entertained a motion to adjourn the meeting. J. Kubiak moved to adjourn the meeting; second by D. Salzwedel. Carried; 3-0. The meeting adjourned at 1:49 p.m.



Mark Koson, Committee Chair
Date 11/16/16