

**Finance and Audit Committee Meeting
New Mexico Lottery Authority
August 10, 2023**

MINUTES

Call to Order: Committee Chair Paul Guerin called the meeting to order at 10:05 a.m. and asked for a roll call. Present via virtual platform and constituting a quorum were Paul Guerin, Leo Romero, and Othiamba Umi.

Introductions: NMLA staff present were Carolyn Cabell, Michael Boland, Jay Siegel, and Wilma Atencio. Also attending were Sheila Herrera and Elizabeth Nuñez with Moss Adams.

Approval of Proposed Agenda: L. Romero moved to approve the proposed agenda; O. Umi seconded the motion. Motion carried 3-0.

Public Comment: None.

REPORTS:

FY 2023 Financial Audit Entrance: M. Boland introduced Sheila Herrera, Engagement Partner, and Elizabeth Nuñez, Audit Manager. S. Herrera and E. Nunez provided an overview of the upcoming financial audit for fiscal year 2023.

S. Herrera advised that she has been with Moss Adams for seventeen years and has conducted many audits during her tenure. E. Nuñez will be the primary contact. E. Nunez has financial audit experience with the Lottery at her prior firm. Additional staff will assist with the audit, including overseeing IT compliance testing and documentation.

S. Herrera and E. Nuñez outlined the process that will be followed throughout the audit including the scope of work, audit plan overview, auditor responsibilities, management's responsibilities, and timeline of the audit. Moss Adams will design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement and in conformity with generally accepted accounting principles, including determining whether internal controls over financial reporting are in place and being followed in accordance with policies and procedures. Moss Adams will meet with management to discuss any findings or concerns found during the audit.

The scheduled fieldwork and sample testing will begin the week of August 21, 2023, for a two-week period. The exit conference is tentatively planned for October, with a planned submission of the audit report to the State Auditor before November 1, 2023.

L. Romero asked when the final report will be presented to the Finance and Audit Committee and when it will be presented to the full Board. E. Nuñez responded that the Lottery will schedule an exit conference with the Committee. Shortly thereafter, the report will be submitted to the State Auditor's Office for a review period and the Lottery will schedule a full Board meeting for review and acceptance. C. Cabell reported that tentative dates are October for the Committee and December for the full Board, provided the State Auditor has released the report by that time. O. Umi reported that he will be unavailable October 17-21, 2023.

P. Guerin thanked both S. Herrera and E. Nuñez and stated that the Committee looks forward to working with Moss Adams.

FY 2024 Internal Audit Plan: M. Boland reported the Internal Audit Plan is a comprehensive plan presented annually to management, Committee members, and Board for review, discussion, and acceptance.

M. Boland reported that page 4 of the Audit Plan highlights the audit areas, priority level, audit/activity, and estimated time allotted for each audit area. Internal Audit will continue to concentrate efforts on supporting automation and division efficiencies.

A review and consultation of the Human Resources division's processes will occur soon, similar to engagements that have occurred previously with other divisions such as IT, Security, Sales, and Finance. Vendor system controls will also be reviewed. The audit plan includes time allocated for consulting activities and ad hoc projects and activities as needed.


O. Umi asked M. Boland to identify the new audit areas, compared to prior years. M. Boland reported that new items include Human Resources processes review, phase 3 of the GP permissions engagement, and a lost/stolen tickets engagement. Complementary user controls review is not new but was last reviewed several years ago.

L. Romero asked if the reports would coincide with how they are listed on page 4. M. Boland responded that items may shift during the year. This is a dynamic plan that provides flexibility. Management and the Committee would be advised of major changes to the plan.

O. Umi moved to approve the FY 2024 Internal Audit Plan as presented; L. Romero seconded the motion. Motion carried 3-0.

Other Items: None.

Adjournment: P. Guerin moved to adjourn the meeting; L. Romero seconded the motion. Motion carried 3-0. The meeting adjourned at 10:36 a.m.



P. Guerin, Committee Chair

Date: 9/20/23