

**Finance and Audit Committee Meeting
New Mexico Lottery Authority
December 13, 2023**

MINUTES

Call to Order: Committee Chair Paul Guerin called the meeting to order at 10:00 a.m. and asked for a roll call. Present and constituting a quorum were Paul Guerin and Leo Romero. Othiamba Umi absent.

Introductions: NMLA staff present were David Barden, Carolyn Cabell, Michael Boland, Jay Siegel, Wilma Atencio, and Therle Smith.

Approval of Proposed Agenda: L. Romero moved to approve the proposed agenda; P. Guerin seconded the motion. Motion carried 2-0.

Public Comment: None.

REPORTS:

Internal Audit Report – Change Management Review: M. Boland reported that based on testing performed, the Lottery’s Information Technology (IT) Division has sufficiently demonstrated that internal controls are in place for change management. This audit area is a high priority due to the nature and inherent risks of implementing and documenting system changes relating to the gaming vendor’s system, software releases, and hardware deployments. M. Boland reported that he offered verbal recommendations to enhance current controls and business practices, which the IT Division accepted.

L. Romero asked how many staff members are in the IT Division. D. Barden responded that it is a small department consisting of four employees.

Both L. Romero and P. Guerin asked what the verbal recommendations were. M. Boland responded that the verbal recommendations included more detailed documentation for service tickets, which did not rise to the level of being included in the report.

Audit Policy: D. Barden reported that the Lottery recommends the Audit Charter, last updated in 2014, be replaced with a new policy that better reflects current business practices, removes redundancy, and has clearer and more concise language. Committee members requested to a summary sheet outlining the changes. After discussion with members, D. Barden recommended that this item be carried over to the next Committee meeting for further discussion and approval. The Lottery will provide a summary document indicating the changes.

L. Romero made a motion to postpone the consideration of the Internal Audit Policy until the next Committee meeting and requested Board members be presented with a summary of changes, including the old and new policy; P. Guerin seconded the motion. Motion carried 2-0.

L. Romero asked if the FY 2023 Financial Audit Report has been finalized by the State Auditor and when it will be presented. D. Barden responded that the report has been finalized and is on the Board agenda for acceptance. Moss Adams will present the final report to the Board.

Revised Budgets Discussion: D. Barden reported the Lottery’s recommendation that the Revised Budget no longer be required, but that any significant changes be brought to the Board for review and approval. There are provisions included in the annual budget that provide flexibility throughout the year, such as for expenses tied to revenue. L. Romero applauded the recommendation. P. Guerin concurred.

P. Guerin made a motion to recommend to the full Board that the Lottery no longer need complete an annual Revised Budget. The Lottery would bring any significant changes to the Board for review, discussion, and approval; L. Romero seconded the motion. Motion carried 2-0.

Other Items: None.

Adjournment: L. Romero moved to adjourn the meeting; P. Guerin seconded the motion. Motion carried 2-0. The meeting adjourned at 10:20 a.m.

Paul Guerin

P. Guerin, Committee Chair

Date: 6/20/24