

**Finance and Audit Committee Meeting
New Mexico Lottery Authority
August 13, 2025**

MINUTES

Call to Order: Committee Chair Paul Guerin called the meeting to order at 10:02 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 Wilma Atencio, David Barden, Carolyn Cabell, Linh Coonan, Michael Boland, Therle Smith, and Bryan Bersosa. Also attending were Sheila Herrera and Elizabeth Nuñez (virtual) with Baker Tilly.

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:

FY 2025 Financial Audit Entrance: S. Herrera and E. Nuñez provided an overview of the upcoming financial audit for fiscal year 2025, including the audit team, required communications, scope of services, and a timeline. Baker Tilly and Moss Adams completed their merger in June 2025 and will now operate under the Baker Tilly name.

S. Herrera reported that Baker Tilly 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 and New Mexico State Audit Rule, including determining whether internal controls over financial reporting are in place and being followed in accordance with policies and procedures. Any findings or concerns found during the audit will be discussed with management and shared with the stakeholders during the exit conference. The exit conference will take place in October, with a submission of the audit report and financial statements to the State Auditor before November 1.

L. Romero inquired about the audit team's roles. S. Herrera responded that the senior manager manages the audit engagements, including planning and executing day-to-day operations and overseeing field work, reporting to the principal. The principal's role is to have a broader and more strategic, client-based relationship with management and to be a resource for the audit team.

L. Romero asked if the entrance meeting should be held prior to the preliminary visit. S. Herrera responded that it is not required, but the firm would like it moved up. D. Barden reported that the preliminary work is not an issue and the information gathered aids the audit team in developing their audit process prior to the fieldwork. The Lottery is open to discussing scheduling.

D. Barden thanked S. Herrera and E. Nuñez and stated the Lottery looks forward to the audit.

FY 2026 Internal Audit Plan: M. Boland reported that the annual plan highlights the audit areas, priority levels, and estimated time allotted for each audit area. Internal Audit had discussions with management and process owners and reviewed internal and external audit activity to aid in the development of the audit plan. Internal Audit will concentrate efforts on information technology policies and procedures, payables management activity, and monitoring transition controls as we change gaming vendors. The plan includes time allocated for consulting activities and ad hoc projects and activities as needed. M. Boland

reported he will prepare and issue the RFP for Financial Audit Services for FY 2026 and will continue to monitor remediation efforts by the Lottery and online vendor for any penetration test findings.

L. Romero inquired about the timing and recurrence of audit items. M. Boland responded that items may flow from one year to the next, such as payables management from last year. The plan is developed each year, not as a multi-year approach. The audit plan can change during the year based on situations and business priorities. D. Barden reported that Internal Audit is very helpful in assisting management in developing processes identified by the external audit and staying ahead of potential findings or other situations. This work may necessitate moving other items around on the audit plan during the year.

P. Guerin inquired about Internal Audit providing an update on the plan's status and a report on what was completed during the year. D. Barden reported that M. Boland provides reports to the Board as they are completed.

P. Guerin entertained a motion. L. Romero moved to approve and recommend to the full Board that the FY 2025 Internal Audit Plan as presented be approved; P. Guerin seconded the motion. Motion carried 2-0.

Other Items: None.

Adjournment: P. Guerin entertained a motion to adjourn. L. Romero moved to adjourn the meeting; P. Guerin seconded the motion. Motion carried 2-0. The meeting adjourned at 10:37 a.m.


 P. Guerin, Committee Chair
 Date: 9/24/25