

**SOUTH CAROLINA EDUCATION LOTTERY
AUDIT COMMITTEE MEETING MINUTES
October 6, 2021
1:00 p.m.**

The Audit Committee (“Audit Committee”) of the Board of Commissioners of the South Carolina Education Lottery held a meeting on Wednesday, October 6, 2021, in the Marketing Conference Room located at 1333 Main Street, Columbia, South Carolina. The following members, representing a quorum and all of the members of the respective committees, participating:

Dr. Edward Keith, *Chair*

Billy Newsome (via video)
Otis Morris (via video)

The Chairman called the meeting to order at 1:14 p.m.

Ms. Erickson presented the Annual Audit Plan, including her methodology for conducting an annual risk assessment and how that assessment informs the audit plan. Following her presentation of the annual audit plan, Chairman Keith expressed his appreciation of the transparency of the plan. Ms. Erickson responded to questions by providing information on the next steps. Following a brief discussion, Chairman Keith entertained a motion that the committee recommend Board approval of the Annual Audit Plan at the December meeting. The motion passed unanimously.

Ms. Erickson then briefly explained her reporting process to maintain communication throughout the audit process, eliminating any surprises in the final report. Audit findings will be provided in discussion meetings along with follow up for recommendations to address any issues, and an updated report.

Ms. Erickson next provided results of her audit of SCEL’s compliance under the Lottery Act, as conducted at the request of management. The audit examined current management practices in three subject areas: licensing and retailer relations, games implementation and management, SCEL management and oversight. The audit evaluated compliance with both the letter and the spirit of the Lottery Act. She reviewed her findings in a report provided in the meeting materials. The report is an example of what the Board can expect of future audit reports. The internal audit found the processes generally effective for mitigating risks and complying with the Lottery Act.

Ms. Erickson reviewed the results of the Systems and Organization Controls (SOC) Audit Report provided by Elliott Davis. Each member received a copy of the report prior to the meeting. In summary, Elliott Davis reported no findings. Chairman Keith asked when the next SOC 2 audit is scheduled, and Ms. Erickson indicated that it was not included in the FY2022 budget, so it will be at least one year before SCEL contracts for another SOC 2 audit. Ms. Erickson will reach out to other state lotteries to determine the best recurring schedule for future SOC audits.

Finally, Ms. Erickson reviewed the results of the annual self-assessment survey. This year 62% of employees responded to the survey. She explained the top areas of strengths and the two areas for improvement.

