

RECORD
AUDIT AND LEGAL COMMITTEE
3.18.2013, 9 a.m., Little Rock Headquarters

The meeting was called to order by the Committee Chair, Commissioner Campbell, who noted the presence of members Commissioners Engstrom, and Lamberth, and of Commissioners Pickard, Lamberth, and Frazier. Also present were Director Woosley, Auditor Brown and staff members Craig, Baldridge, Vick, Block, and others.

Chairman Campbell recognized Auditor Brown, who asked for the Committee's approval to perform follow-up audit procedures once observations or issues previously noted have apparently been resolved, in order to state that resolution has occurred. A motion to that effect was made by Commissioner Lamberth, seconded by Commissioner Engstrom, and approved without dissent.

Auditor Brown then began a presentation, included in the file, regarding the Institute for Internal Auditors (IIA) "Path to Quality," consisting of levels of achievement within five Levels. He said that Level One—Beginning was fully completed, Level Two—Emerging was completed or in progress, and Level Three—Conforming was in progress or to be completed. Levels Four and Five have some steps which should be considered and some which are aspirational, he said. He explained that IIA's 5-level quality structure, in which conformation to the first three levels results in the designation that the auditors at the ALC have conformed to IIA Standards, was one to which he aspires and intends to progress toward. He said he believes it is critical to reach Level Three, and that he expects to do so by the end of 2014. Commissioner Engstrom said he was strongly interested in the program, and Commissioners Lamberth and Campbell agreed.

Last, Auditor Brown presented the current Internal Audit Charter for the Arkansas Lottery Commission as well as a revised draft of the entire Charter (included in file), which he asked the Committee members to approve. He noted that the Charter was anticipated to be reviewed and updated annually, and that this should be considered fulfilling that goal. By motion of Commissioner Engstrom, seconded by Commissioner Lamberth, the Committee adopted the Internal Audit Charter with changes and updates, effective immediately. There was no dissent.

There being no further business, the meeting was adjourned.