

**Minutes  
Audit Committee  
South Carolina Education Lottery Commission  
July 22, 2008  
10 a.m.**

A meeting of the Audit Committee of the South Carolina Education Lottery Commission was held on Tuesday, July 22, 2008, at 10 a.m. in the Third Floor Conference Room (#352), 1333 Main Street, Columbia, South Carolina. An invitation was extended to all Board members to participate.

The following Audit Committee members were present:

Jimmy Bailey, Jr., Chair of Committee  
Dr. Edward Keith

The following Committee members participated via teleconference: Boykin Rose and Nathaniel Spells, Sr. The following Board members participated via teleconference: Tim Madden, Moffatt Burriss, and Ashley Landess.

The Chair called the meeting to order.

**Potential Expansion of Audit Services**

The Chair asked Bethany Parler, Director of Internal Audit Services, to present the staff recommendation of the restructuring plan for the Audit Services Department. She explained the overall concept, the role proposed given accepted accounting and auditing standards and the overall impact the expansion would have on the operations of SCEL. Mrs. Parler explained while no two Internal Audit departments are identical, similarities exist relating to providing independent reviews or analysis to the Board of Directors, performing due diligence reviews, and responding to management requests for the assessing risks and/or other reviews. She expressed the need for an expansion of responsibilities and duties in order to perform more in-depth internal research, data mining, and analysis than currently performed by individual departments or, in some cases, outsourced. She also stated to the Committee that having one source for information for use by the Audit Services Department and management would be beneficial to ensure the consistency and reliability of the data. It is estimated there will

be a cost savings of approximately \$72,000 annually depending upon the ultimate decision as to staffing and movement of personnel.

Commissioner Rose asked numerous questions regarding whether the accountability for retrieving and analyzing data utilized by management is, or should be, a function performed by management rather than an internal audit department. Committee members and board members discussed the underlying philosophy and appropriateness of expanding the duties and responsibilities of the Audit Services Department and expressed support for the concept. Chairman Madden suggested that the decision to expand the role of the Audit Services Department should be separate and distinct from the question of which individuals should perform the expanded duties.

**Motion Adopted**

Commissioner Keith made a motion to recommend that the Board authorize the Director of Internal Audit Services to move forward with implementing the concept as presented to the Audit Committee to expand the role of the Internal Audit Services Department and leave any personnel decisions to the Internal Auditor. Commissioner Spells seconded the motion, which was unanimously adopted.

**Adjournment**

There being no further business, the meeting was adjourned.

\_\_\_\_\_/s/  
Jimmy Bailey, Jr., Chair

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Date

As required by Section 30-4-80, notification for this meeting was posted at SCEL headquarters, 1333 Main Street in Columbia. As provided in the Commission bylaws, the meeting notice and agenda were also posted on the SCEL website, [sceducationlottery.com](http://sceducationlottery.com), and sent via facsimile transmission pursuant to requests made by media outlets and other organizations. These notifications included the time, date, place and agenda of the meeting.