

MASSACHUSETTS STATE LOTTERY COMMISSION  
AUDIT ADVISORY BOARD CHARTER

I. PURPOSE

The primary function of the Massachusetts State Lottery Commission's (hereinafter "MSLC") Audit Advisory Board (hereinafter the "Board") is to assist the MSLC in overseeing its activities by reviewing the financial reports and other information provided by the independent and internal auditors to the Board, the MSLC and the Lottery Executive Director.

The Board's primary duties and responsibilities are to:

1. Monitor the Lottery's financial reporting process and Agency-wide internal control system;
2. Review the audit efforts of the appointed independent and internal auditors; and
3. Report findings to the MSLC.

II. COMPOSITION

The Board shall be comprised of the State Treasurer and Receiver General, the Secretary of Public Safety, and the Comptroller. Members of the Board may designate an employee of his or her department to perform the duties of the Board.

The members of the Board shall serve until successors are duly appointed. The State Treasurer and Receiver General will serve as the Board's Chairperson.

III. MEETINGS

1. The Board shall meet semi-annually, or more frequently as circumstances dictate;
2. The Board may ask Lottery employees or others to attend the meetings and provide pertinent information as necessary;
3. The Board may conduct executive sessions with independent auditors, internal auditors, Lottery employees or anyone else as desired by the Board.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Board shall:

1. Review and reassess the adequacy of this Charter periodically, at least annually, and update the Charter as appropriate upon approval by the MSLC;
2. Annually review the audit plan of the Lottery's independent and internal auditors;

3. Review material written communications between the independent and internal auditors, such as the engagement and management representation letters;
4. Review the Lottery's audited financial statements and any reports or other information submitted by the independent and/or internal auditors;
5. Review and evaluate the performance of the independent and the internal auditors;
6. Discuss significant findings and recommendations of the independent auditor and the internal auditor's response thereto;
7. Discuss any significant disagreement among Lottery staff and the independent auditor and/or the internal audit department in connection with the preparation of the financial statements or the testing of internal controls; and
8. Review and approve an agenda for the ensuing year.

The Chairperson of the Board or his or her designee may report to entire MSLC on behalf of the Board.

VOTED: That based upon the proposed charter, the Massachusetts State Lottery Commission adopts the Audit Advisory Board Charter and creates an Audit Advisory Board.

March 30, 2007

VOTED: For the reasons stated at Commission meeting of June 30, 2011, the name of the Audit Advisory Board is changed to Audit Advisory Committee.

July 26, 2011