

VIRGINIA LOTTERY
Operations Committee
December 20, 2024

The Virginia Lottery Board Operations Committee met on December 20, 2024, at 10:30 a.m. at Lottery Headquarters in Richmond, Va.

Members Present: Ferhan Hamid, Board Chairman
Jonathan Comer
Scott Price
Adam Tolbert

Member Participating Remotely: Sherry Williams

Absent: Cynthia Lawrence, Committee Chairwoman

Staff Present: Khalid Jones, Executive Director
Amy Dilworth, General Counsel
Deborah Courtney, Deputy Executive Director of Finance and Administration
Tony Russell, Deputy Executive Director of ITS and Operations
Jo Murphy, Executive Assistant

Ferhan Hamid, Board chairman, presided over the meeting in Cynthia Lawrence's absence, and Jo Murphy was the recording secretary.

Call To Order

Mr. Hamid called the meeting to order and noted that a quorum was present.

Ms. Williams participated remotely pursuant to Virginia Code section 2.2-3708.3 (2022). She received approval to participate remotely from the Board chairman after complying with the statutory notice requirements.

Legislative Update

Ms. Dilworth said that we have been contacted and had conversations with a legislator as well as a retail association regarding retailer compensation. She said that the statute currently states that the Board is authorized to set the retailer compensation rate. If that authority moves to the legislature, that authority would be removed from the list of the Board's authorities. Mr. Jones said that the legislator that he spoke with did not say that he planned to introduce a bill, but Mr. Jones wanted to make the Board aware of the possibility. Mr. Hamid said that this is concerning. He also said that the potential of taking away Board powers is not desirable. Mr. Jones said that we would rather have that authority rest with the Board.

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FY24 Virginia Lottery Audit Report (Auditor of Public Accounts/APA)

Mr. Jones said that Ms. Lawrence reported at the October 2, 2024, meeting that there are updated requirements from the Institute of Internal Auditors that will require changes to the audit charter. He said that the recommended revisions to the audit charter will be presented at the next Operations Committee meeting.

Mr. Jones said that the FY24 Virginia Lottery Audit Report is now final, and the Board members recently received a copy. He said that it should reflect what Paul Battle discussed with the committee at the October 2, 2024, meeting. Mr. Jones also said that we are confident that we will make significant progress on the findings. Mr. Russell summarized the three findings: improve procedures and process for oversight of third-party IT service providers, review and update information security policies and procedures, and improve IT asset management documentation and process.

Ms. Williams said that third-party risk management is critical in both private and public arenas. She suggested that the committee revisit progress on this issue at least quarterly. At that time, we can see how we are progressing from an audit perspective and hear general progress around tightening requirements for third parties. Mr. Hamid agreed with her suggestion.

Mr. Tolbert said that the Auditor of Public Accounts requires quarterly updates in some cases. If that is the case here, he said that we could share our updates with the committee members at that time. Mr. Russell said that we do provide the APA with quarterly updates.

Public Comment

None.

Next meeting

Mr. Hamid said that the next meeting date is to be determined. He suggested setting all the meeting dates for 2025 soon. He asked for prospective dates to be circulated.

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Adjournment

There being no further business to come before the committee, the Board chairman declared the meeting adjourned.

Khalid R. Jones, Secretary

Ferhan Hamid, Board Chairman