

FOURTH AMENDMENT TO ADMINISTRATIVE REGULATIONS

CHAPTER 11- FINANCE POLICIES

11.1 ACCOUNTING INTERNAL CONTROLS

Amended: 02/17/26

Rule 11.02 - GENERAL

The Board is responsible for authorizing all bank accounts and check signers. Financial institutions where Corporation accounts are maintained shall be notified following a transition of officers or changes in staff with check-signing responsibilities. Financial reports shall be presented to the Board for review at each regular Board meeting. Applicable financial, administrative, and regulatory guidelines of the Act shall be followed.

Amended: 08/19/25; 02/17/26

Rule 11.03 – PAYROLL TRANSACTIONS

Hourly and Non-Exempt employees must complete a weekly timesheet. Timesheets shall be reviewed and approved by the employee's supervisor and the Vice President of Human Resources prior to processing. The Vice President of Human Resources shall also review and approve all semi-monthly payroll statements prior to processing.

Amended: 10/15/19; 11/16/21; 02/17/26

Rule 11.04 – RECEIPTS

Employees handling cash must have the necessary knowledge and skills to perform the job and shall be carefully supervised. The Corporation's prize redemption center shall maintain a minimal amount of cash for operations. Cash receipts must be deposited when the cash on hand exceeds \$5,000. The President shall have the authority to temporarily raise this amount if operationally necessary. Controls over the daily cash reconciliation for the redemption center and any deposits are outlined in the Corporation's prize validation procedures.

Cash Received: Records of cash received must be totaled and initialed by authorized employees. Incoming cash must be counted, and receipts/ bank deposits developed by two or more persons authorized to perform these functions. Bank deposits for cash on hand shall be verified by a second employee to ensure completeness and accuracy before deposits are made. Bank deposit receipts must be compared and attached to the original bank deposit slips. Additionally, the deposit slips must be attached to the signed copy of the cash receipt. Adequate physical controls must be maintained over cash receipts from the time of receipt to deposit in the bank. Cash collection documentation totals must be compared and reconciled to the bank deposit receipts on a regular basis.

Checks Received: Checks received shall be recorded into a daily check log. Checks shall be deposited electronically daily and stamped with the date of deposit via the remote deposit machine. The daily detailed deposit report shall be printed from the Corporation's bank website

and compared to the daily check log by the Senior Manager of Accounting and approved by the Vice President of Finance. Adequate physical controls must be maintained over check receipts from the time of receipt to deposit in the bank. Any checks received after the cut-off or cash awaiting deposit shall be placed in a locked location in accounting or a fireproof safe.

Amended: 10/15/19; 11/16/21; 02/17/26

Rule 11.05 – DRAWS FROM LINE OF CREDIT

The President, the Vice President of Finance, the Chairman, the Vice Chairman, and the Secretary-Treasurer are authorized to request draws from the line of credit issued by Hancock Whitney Bank. Any draw over \$750,000 requires the approval of two of the four people authorized to request the same. Any funds received from draws on the line of credit must be deposited into the Corporation's primary master account. The Corporation's master account is the main operating bank account that all subsidiary bank accounts will zero balance into daily.

Amended: 10/15/19; 11/16/21; 02/17/26

Rule 11.06 – PURCHASING CARD

The President, the Vice President of Finance, and the Executive Vice President of Operations & IT shall maintain the Corporation's purchasing cards. An employee needing to use the purchase card must first complete a purchase requisition and obtain the proper level of approvals. Once approved, the employee may request the use of the purchase card to place the order of the respective item. After the purchase is complete, the employee must forward all receipts to an Accounting Specialist for reconciliation of the Corporation purchase card. The purchase card account shall be reconciled monthly by the Accounting Specialist. Limits are set on each purchase card based on job titles, with a combined Corporation collective credit limit not to exceed \$100,000.

Amended: 10/15/19; 11/16/21; 02/17/26

Rule 11.07 – DISBURSEMENTS AND PURCHASES

- A. Approval Levels on Disbursements: The following levels of approval are required on disbursements and purchases:
 - 1. Disbursements and purchases in an amount less than \$2,000 require the written approval of the functional area's Director, Vice President or Executive Vice President, with final written approval by the Vice President of Finance;
 - 2. Disbursements and purchases in an amount of \$2,000 to \$25,000 require the written approval of the functional area's Vice President or Executive Vice President, with final written approval by the Vice President of Finance; and
 - 3. All disbursements and purchases in an amount greater than \$25,000 require the written approval of the President or his or her designee, in addition to the approval levels required by the preceding subsection (2).

4. In the Vice President of Finance's absence, the Executive Vice President of Operations & IT, the President, the Chairman, or the Secretary-Treasurer may provide disbursement and purchase approval. In the President's absence, the Chairman or the Secretary-Treasurer may provide disbursement and purchase approval.
 5. Supporting documentation must accompany checks when presented for signature and before orders are placed for goods or services.
 6. If a vendor requires a purchase order, the Purchasing Administrator shall create the purchase order from the purchase requisition.
- B. Checks: All checks must be issued in accordance with the Corporation's Check Signing Authorization Policy. Checks must be made payable to specific payees based on appropriate documentation and never to "cash" or "bearer." Before preparing checks, receiving reports must be compared with vendor invoices for accuracy. Checks must be prepared only from vendor invoices, and not from a vendor statement. Access to blank checks must be limited to persons authorized to prepare checks. Blank check stock must be locked in a secure place when not in use. Any voided or spoiled checks must be marked "Void."
- C. Electronic Funds Transfer (EFT): Recurring disbursements may be set up electronically with a vendor via electronic funds transfer with prior written approval of the Corporation's President. One-time payments may be made via electronic funds transfer if authorized by the President, Vice President of Finance, Chairman, Vice-Chairman, or the Secretary-Treasurer. Any one-time EFT payments exceeding \$5,000 must be approved by two of the aforementioned individuals.
- D. Agreements for Goods or Services: Any contract for goods and services requiring Board approval must be authorized by the Board and executed by the President only after the contract has been reviewed and approved by the Vice President of the functional area making such request and the Vice President of Finance. Any contract for goods or services not requiring Board approval must be authorized and executed by the President only after the contract has been reviewed and approved by the Vice President of the functional area making the request and the Vice President of Finance.
- E. Prize payments shall follow the Mississippi Lottery Corporation's Administrative Regulations Chapter 8 – Prize Validation and Payment Policy for proper approval.
- F. Recurring disbursements that have been approved initially may forgo the approval process for subsequent payments by maintaining the initial approval in the vendor's master file.

Amended: 11/16/21; 08/19/25; 02/17/26

Rule 11.08 – BANK RECONCILIATIONS

Bank accounts must be reconciled by the Director of Finance and Budget or his or her designee on a monthly basis and reviewed by the Vice President of Finance. The Vice President of Finance and the Secretary-Treasurer must each receive the bank reconciliations and review canceled checks and electronic disbursements. Proper segregation of duties shall be established over access to cash accounts, disbursements, and account reconciliations. In cases where segregation of duties cannot be maintained due to the limited nature of the Corporation's staffing, compensating controls shall be implemented.

Amended: 08/19/25; 02/17/26

Rule 11.09 – POSITIVE PAY

Positive Pay is a banking service that matches the account number, the check number and dollar amount of each check presented for payment against a list of checks and ACH transactions provided by the Corporation. The Corporation shall use its bank's positive pay service for all accounts payable and prize payments. The Corporation shall upload check information to the bank's server for processing every hour for prize payments and weekly for accounts payable checks.

Amended: 02/17/26

Rule 11.11 ACH RETAILER PAYMENTS/ RECEIPTS

The Corporation shall collect amounts owed by lottery retailers and make payments through a weekly EFT draw from dedicated retailer accounts. This process is known as the weekly "sweep." The Corporation's gaming system shall generate the Automated Clearing House (ACH) file at the end of the accounting week and shall include the amounts due to or from the Corporation and the lottery retailers. The ACH file shall be automatically uploaded by the Corporation's gaming system to the Corporation's bank for processing.

Amended: 02/17/26

Rule 11.12 TRANSFER TO STATE FUNDS

Within twenty (20) days following the close of each calendar month, the Corporation shall transfer the amount of net proceeds to the Lottery Proceeds Fund in the State Treasury. The transfer will be accomplished via EFT directly into the State Treasury Bank Account.

Amended: 11/16/21; 08/19/25; 02/17/26

Rule 11.13 VENDOR SET UP

All new vendors shall be set up by the Director of Finance and Budget. Finance staff shall provide the requesting department and/or vendor with a New Vendor Request Form. All vendors must be approved by the Vice President of Finance. Vendors must provide the Corporation with a completed Form W-9 before approval and payment are made by the Corporation. A copy of the approval form and W-9 shall be maintained in the respective vendor file.