

STATE OF NORTH CAROLINA

NC EDUCATION LOTTERY



IMPORTANT ADDENDUM

February 26, 2010

THIS REQUEST FOR INFORMATION ADDENDUM DOES NOT HAVE TO BE RETURNED:

RFI NUMBER: LC-000025
ADDENDUM NUMBER: 1
PURCHASER: Michele Goff

COMMODITY: Operational Audit Services
USING AGENCY: North Carolina Education Lottery
OPENING DATE/TIME: March 15, 2010, 4:00 pm EST

QUESTIONS AND ANSWERS

- 1. Please provide further clarification of NCEL's goals for Operational Audits. References and links to examples of performance and security audits were provided in the RFI. How do NCEL's expectations for Operational Audits differ? For example, is NCEL more concerned with the identification of efficiency opportunities, compliance risks, or operational improvements?**

This audit should be focused on the identification of efficiency and effectiveness of operations. It should include compliance, security (IT and physical) and financial controls, only to the degree they impact our operations. For example, lottery legislative restrictions that impede the lottery from offering services or advertising that would make the sales per capita compare unfavorably with a benchmark lottery, should be considered. Testing for compliance with the act we believe would be outside this audit and already included in the financial and security audits.

- 2. To what extent does the NCEL envision that services provided by 3rd party vendors (such as GTECH) be subject to Operational Audit coverage?**

The services of third party vendors should be considered for their effect on the NCEL operations.

- 3. To what extent does the NCEL envision that compliance considerations related to MUSL or Mega Millions would be covered by the Operational Audit?**

Compliance with those agreements would be considered outside the scope of this audit.

- 4. Does the NCEL periodically complete an organizational risk assessment and, if so, would the results be available to your selected auditor?**

A risk assessment is performed as part of the internal audit planning process and that information will be shared with the selected auditor.

- 5. In addition to electronic submissions, would the NCEL prefer to receive a courtesy hard copy of the RFI response?**

Electronic submission is adequate at this phase.

- 6. If the respondent determines that confidential information has been included in the RFI submission, how many hard copies does the NCEL require for its assessment?**

Four

- 7. For the anticipated meetings during the week of March 22, is it possible to defer the meeting to the following weeks due to prior commitments?**

We should be able to accommodate this request.

- 8. Will only the firms that respond to the RFI and selected to present to the NCEL be eligible bidders on any subsequent requests for proposal (RFP) for operational audit services?**

No

- 9. Does the NCEL foresee that the security audit performed by Delehanty Consulting be included in the subsequent RFP for operational audit services?**

The security audit is a separate statutory requirement and will not be combined with this RFP

- 10. Are the previous year's financial reports going to be available?**

They are available from the State Auditor's website. The link to the most current year was in the RFI

- 11. What is the reason for the issuance of the RFP?**

To comply with the statutory requirement:

(d) Biennially at the end of the fiscal year, in addition to the audits required by G.S. 18C-116 and by subsection (a) of this section, beginning in 2010, the Commission shall engage an independent auditing firm that has experience in evaluating the operation of lotteries to perform an audit of the Lottery. The results of this audit shall be presented to the Commission, to the Governor, and to the General Assembly. (2005-344, s. 1; 2005-276, s. 31.1(i); 2009-357, s. 15.)

- 12. Were there any issues regarding the previous auditor?**

The Office of the State Auditor's Performance Audit group performed the last audit and a link to that report was in the RFI.

- 13. What were the previous year's fees for the last audit report?**

We have not paid for an operations audit.