



**Financial Audit Services
Request for Qualifications & Pricing
CLC202313**

ADDENDUM #1

CLC Responses to Firm Questions

1. Does the firm and the staff assigned to the engagement have to be licensed by the DCP prior to the submission of the proposal? Or prior to commencing any work?

CLC Response: Licensure is not required prior to submission of proposal, but is required prior to commencement of work as identified in Part I of the RFQ.

2. Please provide a general timeline of services from planning through the issuance of the statements along with the staff resources applied to the engagement.

CLC Response: Pre-audit planning with the selected firm will begin in April. Preliminary fieldwork will occur in June with final fieldwork completed in August and issuance of audited statements in September. Presentation of audit findings to the CLC's Finance Committee and Board of Directors will occur in December. These are approximate dates, and the CLC and the selected firm will collaborate in finalizing the approach and timeline for completing services as provided in Part III.D of the RFQ. The CLC's CEO, CFO, and Finance managers will be the selected firm's primary contacts and will be supported by other CLC staff as needed throughout the audit.

3. Do you have a preference for how much time is spent auditing on-site versus remote?

CLC Response: The majority of the work is done off-site, although the CLC expects at least 1-2 days on-site for preliminary requests and 5 days on-site for field work.

4. Is there any single audit requirement?

CLC Response: Per Connecticut General Statutes Section 12-802(d) and the CLC's Bylaws, "The Corporation shall have independent certified public accountants audit its books and accounts at least once each fiscal year. The books, records and financial statement of the Corporation shall be prepared in accordance with generally accepted accounting principles."

The independent audit firm is required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters identified from the audit.

5. Were there any audit adjustments? If so, how many and what were the adjustments?

CLC Response: Any audit adjustments have been minimal in quantity. FY22 and FY23 adjustments were related to GASB 87.

6. Do you have a SOC 1 report for your sports betting wagering operator?

CLC Response: No.

7. Do you prepare your own Management Discussion and Analysis?

CLC Response: Yes, in collaboration with the audit firm.

8. Page 3 indicates that the CLC is not permitted to engage the services of an auditing firm for more than six consecutive years. Since [CLC's current auditor] merged a practice into their own, would prior years from the merged firm be considered as part of the 6 year requirement?

CLC Response: Yes.

9. Page 4 of the RFQ indicates a deadline date on or about September 1st...However, the past two audit reports were dated in November. Were there unforeseen delays in meeting the deadline? Is the 2023 audit engagement completed and approved by the board?

CLC Response: There were unforeseen delays due to the implementation of sports betting, the transition to a new lottery gaming platform, and other related reporting. The FY23 audit engagement is currently pending and will be presented for CLC Board approval in December.

10. What would you like to receive from the audit process that you currently do not feel you are receiving currently.

CLC Response: It is up to each firm to describe how it could best perform and improve CLC's audit process by providing the services stated in Part III of the RFQ.

11. Are the prior year's required communications available for review? Preference would be the most current if available.

CLC Response: Prior years' MD&A along with the audited financial report package are available as part of the CLC's Annual Report, located on the CLC's website (<https://www.ctlottery.org/AnnualReports>).

12. Any proposed/recorded adjustments made by the CPA firm?

CLC Response: See response to question #5.

13. Are there any anticipated changes to the audit process this year as compared to the prior year?

CLC Response: No.

14. Are all accounting records for each entity maintained in a central location?

CLC Response: Yes.

15. Were there any services outside the scope of the regular audit engagement performed by [CLC's current auditor]?

CLC Response: Over the course of the CLC's most recent audit engagement, additional work relative to new GASB statements was necessary. Additional out of scope work, if any, will be discussed and negotiated with the selected audit firm.

16. What were the approximate hours spent by [CLC's current auditor] in performing the audit engagement?

CLC Response: This information was not provided.

17. Is the audit fee for the prior year available for disclosure?

CLC Response: Firms must develop independent pricing based on the RFQ.