

**North Carolina Education Lottery  
Commission Meeting**

**Meeting Minutes**

Wednesday, December 15, 2010

*Commissioners in Attendance:* Robert A. Farris, Jr., Chairman  
Carla N. Archie  
Norwood Clark, Jr.  
William F. Dowdy  
Lawrence M. Spears

*Participating via Phone:* Judge Marlene Hyatt

*Commissioners not in Attendance:* Bridget-Anne Hampden  
Pamela Whitaker

*Staff in Attendance:* Alice Garland  
Bill Jourdain  
Lou Ann Russell

*The North Carolina Education Lottery Commission meeting was held Wednesday, December 15, 2010 at 1:00 p.m. in the Dr. Charles Sanders Conference Room of the North Carolina Education Lottery located at 2100 Yonkers Road, Raleigh, NC.*

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**Opening and Approval of Minutes**

- Chairman Farris called the meeting to order and reminded everyone of the North Carolina Education Lottery (NCEL) Commission's firm commitment to serve the people of North Carolina by providing funds for education which should truly be additive and supplemental.
- Chairman Farris presented the minutes of the September 15, 2010 NCEL Commission meeting for approval. Commissioner Dowdy moved to approve the minutes with the correction that the meeting was held in Asheville instead of Charlotte. Commissioner Spears seconded the motion. The minutes were approved with the correction.

**Audit Committee Report**

- Commissioner Dowdy presented the Performance Audit Report conducted by Delehanty Consultants, LLC. The NCEL concurs with the findings and is implementing recommendations to improve efficiency and sales. There being no comments or questions, Chairman Farris accepted the report without objection.
- Commissioner Dowdy also presented the Fiscal Year 2010 Financial Audit conducted by Cherry, Bekaert & Holland which was contracted by the Office of the State Auditor. The NCEL received an unqualified opinion in the audit of the NCEL financial statements, which is the highest opinion given in a financial audit. The FY2010 Financial Audit was accepted without objection.
- Commissioner Dowdy reported:
  - Internal Audit finalized three audits in the last quarter: Telecommunications and Investigations and Fraud. Internal Audit recommends management create a means to provide a reasonable review of the detailed telecommunications charges to assure that irregularities and abuse do not occur. With that exception, the current process and controls in place are adequate, with some suggestions for improvements. Chairman Farris accepted the finalized audits as reported.
  - Internal Audit is concluding an audit of instant tickets, and the audits for Powerball, Mega Millions and Promotions are underway. The continued audit monitoring of

production, general control, systems development and change controls was performed. End of game process for 10 games which ended in November was completed. The monthly reconciliation of ticket reconstruction was also performed.

- The Audit Committee held the required annual reviews of the Internal Audit Charter and the Audit Committee Charter. No changes were suggested at this time.
- The Audit Committee held a closed session meeting with the Director of Internal Audit as required annually by the Audit Committee Charter.

#### **Operations/Personnel Committee Report**

- Commissioner Archie reported that the Committee reviewed revisions to the current Workers' Compensation Policy 4.13 which clarify current benefits. Commissioner Archie moved to approve the policy revisions. Commissioner Dowdy seconded. The revised policy was approved.
- Commissioner Archie presented two new policies generated in adherence to state and federal mandates: Policy 4.22 – Lactation Support, and 4.27 – Employee Public Information. Commissioner Archie moved to adopt the policies. Commissioner Dowdy seconded. The policies were approved.
- Commissioner Archie moved to adjourn into closed session to discuss the Executive Director Selection Process pursuant to General Statute 143.318.11(a)(1)(6) as well as General Statute 126.22. Commissioner Spears seconded the motion. The motion passed and the Commission moved into closed session. After the closed session, the meeting resumed.

#### **Finance Committee Report**

- Bill Jourdain, Deputy Executive Director, Finance, Administration and Security, presented the Financials for October 2010. Net revenues earned for the NC Education Fund for the four months of Fiscal Year 2011 totaled \$132.5 million.
- Mr. Jourdain presented the Fiscal Year 2011 Revised Budget. The revised projected transfer to the NC Education Fund is \$402,349,000, a decrease of 8.9 percent. After discussion, Commissioner Dowdy moved to approve the Revised Budget. Commissioner Archie seconded the motion. The Revised Budget was approved.
- Chairman Farris reported that Commissioner Hampden has advised the NCEL of her pending resignation from the Commission due to other business commitments. Chairman Farris recognized Commissioner Hampden for her service to the Commission and the Finance Committee.

#### **Executive Director Report**

- Alice Garland, Acting Executive Director, presented the Key Performance Indicators.
- Ms. Garland provided a legislative update to the Commissioners.
- Lou Ann Russell, Deputy Executive Director, Marketing and Advertising, provided an update on the changing status of the Charlotte market draw station. The contract with WCNC ended in late August, and an RFP generated no results. As a result, a dedicated Charlotte media plan has been implemented for the third and fourth quarters.

There being no further business, Commissioner Dowdy moved to adjourn the meeting. Commissioner Spears seconded. The motion passed and the meeting adjourned.