

COMMISSION AGENDA ITEM

Item 8(e) – Weaver & Tidwell, LLP Contract Extension



Date: March 27, 2025
To: California State Lottery Commission
From: Harjinder K. Shergill Chima *HKC*
Director
Prepared By: Nicholas Buchen, Deputy Director
Finance Division
Subject: **Item 8(e) – Weaver & Tidwell, LLP
Contract Extension**

ISSUE

The California State Lottery (Lottery) contracts with Weaver & Tidwell, LLP (Weaver) for independent financial audit services under Agreement #100073. A contract amendment for one optional year and increased expenditure authority are requested to extend the contract to March 31, 2026.

BACKGROUND

The Lottery currently contracts with Weaver for independent financial audit services, including auditing the Lottery's financial statements annually. The original contract term was June 15, 2022 through March 31, 2025, with an initial expenditure authority of \$550,000. The contract includes two one-year options to extend.

DISCUSSION

Government Code Section 8880.46.5 states, in part, "The director shall engage an independent firm of certified public accountants to conduct an annual audit of all accounts and transactions of the Lottery." The Lottery has contracted with Weaver since 2022 to fulfill this requirement.

In addition to performing audits of the Lottery's financial statements for each fiscal year, Weaver reviews the Lottery's Annual Comprehensive Financial Report and performs annual Agreed Upon Procedure engagements to assist in meeting reporting requirements under the Mega Millions and Powerball agreements.

In fulfilling their contractual obligations, Weaver affords many benefits to the Lottery, including identifying and mitigating financial risks, ensuring compliance, promoting financial transparency,

and verifying the accuracy of the financial statements. Weaver provides excellent service, meets the Lottery's deadlines, and works effectively with the Lottery to gather information and understand its business operations.

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Based on the applicable contract pricing for the first option year, Lottery staff recommends increasing the contract authority by \$178,000. This will enable payment of services through the remainder of the proposed extension period, which will end on March 31, 2026.

RECOMMENDATION

Lottery staff recommends that the California State Lottery Commission approve the first optional one-year extension of Agreement #100073 and to increase the expenditure authority by \$178,000. The end of the proposed contract extension will be March 31, 2026, and the new maximum contract amount will be \$728,000.