

Audit Committee

Minutes of Special Meeting

Held on
September 21, 2017 at 2:30 p.m.

at
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut

Committee Members: Michael Thompson, Chair of the Audit Committee (via teleconference); Patrick Birney; Robert Dakers; Michael Janusko (via teleconference); and Robert Morgan (via teleconference).

CLC Staff Members: Chelsea Turner, Interim President and CEO; Alfred DuPuis; Paul Granato; Michael Hunter; Matthew Stone; Annmarie Daigle; and Bryan Figueroa.

Invited Guests: Michael Brooder, Edward Schreiner, and Gregory Zoll of Marcum, LLP.

Call to Order: Mr. Thompson called the meeting to order at 2:32 p.m.

Mr. Thompson thanked the Audit Committee members for their participation in today's meeting.

I. Approval of Minutes:

On motion made by Mr. Birney and seconded by Mr. Morgan, the minutes of the August 2, 2017 Special Meeting of the Audit Committee were unanimously approved.

II. Notice of Purchasing Policy Exemption for RNGs:

Ms. Turner provided the Committee with notice regarding a purchasing policy exemption for random number generators (RNGs).

III. Executive Session:

Mr. Thompson asked for a motion to enter into Executive Session to discuss the following agenda items:

- Review of Draft FY 17 Year End Financial Audit (Marcum)
- Discussion of legal strategy regarding indemnification claim by senior employee. Committee may take action in public session after discussion.

On motion made by Mr. Birney, seconded by Mr. Morgan, and unanimously approved, the Audit Committee entered into Executive Session at 2:44 p.m. Ms. Turner, Mr. Stone, Mr. DuPuis, Mr. Granato, Mr. Hunter, Mr. Brooder, Mr. Schreiner and Mr. Zoll were invited to stay for the first item. Ms. Turner and Mr. Stone were invited to stay for the second item. They were asked to leave for a brief period, then were invited back, and Mr. Hunter was invited for a brief period.

At 4:41 p.m., the Audit Committee reconvened in regular session.

Mr. Janusko and Mr. Morgan left the meeting at 4:25 p.m.

IV. Discussion and action, if any, on items discussed during Executive Session:

Mr. Thompson stated that no actions or votes had taken place during Executive Session.

V. New Business:

MUSL Audit:

Mr. Hunter began giving an update on the MUSL Audit. Committee members stated they needed time to review the preliminary audit received from MUSL before discussing.

On motion made by Mr. Birney, seconded by Mr. Dakers, and unanimously approved, the Audit Committee tabled discussion on this item until the next Audit Committee meeting.

Cyber Insurance:

Mr. Granato provided the Committee with a brief overview of cyber insurance. He stated that the Lottery has recently procured cyber insurance which would be used to protect the corporation after a breach occurred and to mitigate the damage. Ms. Turner stated that the executive staff is constantly looking at other ways to protect our system. The Committee had a brief discussion on cost, liability, and coverage.

Mobile App Update:

Ms. Turner provided the Committee with an update regarding the Mobile App scanning issue that occurred over the weekend of August 12th. The issue was resolved as of Monday morning August 14th with SGI publicly apologizing for the malfunction. Ms. Turner stated that a software installation issue led to the malfunction of the scanning feature.

VI. Adjournment:

On motion made by Mr. Birney, seconded by Mr. Dakers, and unanimously approved, the meeting was adjourned at 4:58 p.m.

Respectfully submitted,

Matthew Stone
Corporate Secretary
Connecticut Lottery Corporation