



## **Audit Committee**

### Minutes of Special Meeting

Held on  
November 21, 2017 at 2:00 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 (via teleconference); and Robert Dakers (via teleconference).

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

Call to Order: Mr. Thompson called the meeting to order at 2:08 p.m.

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

#### I. New Business:

Ms. Turner provided the Committee with an update to the following New Business items.

##### Cyber Insurance and Fraud Prevention Update:

The CLC continues to be diligent in this area including the roll out of software the IT department will use to train employees about phishing, social engineering, and other email-related scams. Also, database encryption is scheduled to happen by year end.

##### Document Surplus and Retention Update:

Recent document surplus efforts, conforming to DAS rules, yielded 267 cubic feet of documents purged from the CLC warehouse.

Mr. Birney joined the meeting at 2:13 p.m.

##### Capitol Update:

Ms. Turner discussed a section of the new budget bill that requires all legislative committees that have cognizance over state agencies subject to state audit to hold a joint public hearing with the GAE Committee, on the audit report within 180 days of the issuance of the report. The Chairpersons of the legislative committee may choose not to hold a hearing if there were no violations, or only technical violations, or if they determine that the report does not require a hearing.

Review of FY17 Year-End Audit:

The FY17 Year-End Audit did not disclose any findings or changes following the recommendations that were given to the CLC from the auditors during a Board meeting presentation on September 28, 2017. The Financial Statements for FY17 are now final.

MUSL Audit:

The MUSL Audit, which was performed in August and the first time in eight years, required clarification to Item 5, concerning ICS Remote Access. Mr. DuPuis will provide an updated report to MUSL asking them to grant Scientific Games a waiver, so permission isn't needed from the CT Lottery nor MUSL if an issue arises that needs to get addressed during the gaming system's offline hours of 2 a.m. through 5 a.m. All other items were examined and rectified to comply with MUSL's standards.

Mobile App Update:

Ms. Turner and Mr. Hunter provided an update to the mobile app issue that occurred in August where approximately 2,250 customers received an incorrect message that their winning ticket was not a winner. Many of these tickets have been cashed since then. There are 866 winning tickets remaining, with an average prize value of approximately \$5.00.

II. Executive Session:

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

- Discussion of attorney-client privileged information regarding contractual matter.
- Discussion of legal strategy regarding indemnification claims by senior employee and former board member; committee may take action in public session after discussion.

On motion made by Mr. Dakers, seconded by Mr. Birney, and unanimously approved, the Audit Committee entered into Executive Session at 2:13 p.m. Ms. Turner, Mr. Stone, Mr. Granato, Mr. DuPuis, and Mr. Hunter were invited to stay for the first item under discussion. Ms. Turner, Mr. Stone, and Mr. Hunter were invited to stay for the second item under discussion.

At 3:24 p.m., the Audit Committee reconvened in regular session.

III. 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.

IV. Adjournment:

On motion made by Mr. Dakers, seconded by Mr. Birney, and unanimously approved, the meeting was adjourned at 3:37 p.m.

Respectfully submitted,

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Matthew Stone  
Corporate Secretary  
Connecticut Lottery Corporation