

Audit Legal Record 2/6/2012

Commissioner Pickard, Chair of the Audit and Legal Committee, called the meeting to order. Also were present were Committee members Commissioners Campbell, Malone, and Faris and Commissioner Frazier. Lottery staff present were Interim Director Julie Baldrige, Internal Auditor Michael Hyde, Chief Legal Counsel Bishop Woosley, and Paralegal/Business Manager Patti Vick. By motion of Commissioner Pickard, seconded by Commissioner Malone, the record of the previous meeting was approved without dissent.

Internal Auditor Hyde was recognized to report. He said he would present a full report in the ALC meeting to follow, but called the Committee's attention to Page 2 of the status report regarding retailer sweeps. He said the Audit Universe sheet, there are three audits identified as individual audits in this year's plan, but that he is recommending that they be folded together as one project. Commissioner Engstrom moved to amended the Audit Plan to combine these three audits (retailer credit adjustments, retailer accounts receivable, and retailer commissions), seconded by Commissioner Faris. The motion was approved without dissent.

Commissioner Pickard recognized Bishop Woosley to go over the status of negotiations on outside legal counsel. Woosley recalled that at the previous Audit and Legal Committee meeting, the Committee accepted the response of Mitchell Williams and voted to send that to the Commission for approval. At the conclusion, he said he would converse with Mitchell Williams to see if there was room for negotiation in the fee, which they had proposed be \$1500 a month retainer and \$200 an hour. Derrick Smith, speaking for the firm, said they would attend all Audit and Legal Committee meetings and Commission and other meetings upon request. In addition, they will do special projects without billing the Commission until the retainer is exhausted at \$200 an hour (7.5 hours). The term of the contract is February 6, 2012, until February 6, 2014, with the option of renewing for one year. Commissioner Engstrom asked whether 7.5 hours of work for them should be found each month. Commissioner Malone asked about termination of the contract, and was told that it could be terminated with 10 or 30 days notice. Commissioner Malone moved to approve the contract as negotiated and present it to the Commission for consideration. Commissioner Engstrom seconded, noting that as his client was not chosen, he could participate. The motion was approved without dissent.

There being no further business, the Committee adjourned.