



**MINUTES OF THE MEETING OF
THE OHIO LOTTERY COMMISSION'S AUDIT COMMITTEE**

**Ohio Lottery Human Resources Conference Room/ MICROSOFT TEAMS
615 WEST SUPERIOR AVENUE - CLEVELAND, OHIO 44113**

December 14, 2022

10:00 A.M.

Present at the meeting were the following:

Angela Mingo, Madam Chair and Commissioner, Lottery
Martin Sweeney, Audit Committee Member and Commissioner, Lottery
Matthew Szollosi, Audit Committee Member and Commissioner, Lottery
Sean Webster, Assistant Director, Lottery
Nicole Kostura, Assistant Director, Lottery
Cindy Klatt, Chief Audit Executive, Office of Budget, and Management
Kelly Salomone, Audit Management, Office of Budget, and Management
Erin Brown, Audit Management, Office of Budget, and Management
Gregory Beyer, Deputy Director of Internal Audit, Lottery
Carla Reeves, Office of Internal Audit, Lottery
Joseph Volpi, Office of Internal Audit, Lottery

Not Present:

Jane Parker, Office of Internal Audit, Lottery

Guests:

Matthew Goldman, Senior Audit Manager, Office of Auditor of State
Joel Thompson, Senior IT Audit Manager, Office of Auditor of State

CALL TO ORDER

- The Ohio Lottery Commission's (the "Lottery") Audit Committee Meeting of December 14, 2022, was called to order by Madam Chair Angela Mingo at 10:35 a.m. The meeting was held both in person and via Microsoft Teams.

APPROVAL OF MINUTES OF THE SEPTEMBER 20, 2022, MEETING

- Madam Chair Mingo asked the Audit Committee Members whether there were any questions regarding the minutes from the September 20, 2022 meeting. There were none. Madam Chair Mingo made a motion to approve the minutes. Commissioner Sweeney seconded the motion. The motion passed unanimously.

MADAM CHAIR MINGO COMMENTS

- Madam Chair Mingo stated that she wanted to take a moment to reflect as we are at the end of the calendar year.
- She noted that progress continues to be made by the audit team relating to the implementation of various issues. It had been stated in December 2019, that the total open issues were 29. The issues that were more than two years old, totaled 10. As we look back to where we were and look at where we are today, December 2022, open issues total 18, and issues that are more than two years old, total 1. She stated that this was truly remarkable when we think about the starting point of where we were when Deputy Director Beyer came on board versus where we are today.
- Madam Chair Mingo stated that this is a true testament to Deputy Director Beyer and his team for all their hard work.
- Madam Chair Mingo stated she appreciates that it's a true team effort working with Assistant Director Webster, Assistant Director Kostura and all the leadership team throughout the agency.
- This concluded Madam Chair Mingo's comments.

AUDITOR OF STATE PRESENTATION

- Matt Goldman, Senior Auditor, Auditor of State, and Joel Thompson, Senior Auditor, Auditor of State were both present at today's Internal Audit Committee meeting. They provided a high level report on their annual review of the Lottery's Financial and Information Technology controls audit for Fiscal Year 2022.

DEPUTY DIRECTOR, OFFICE OF INTERNAL AUDIT COMMENT

- Deputy Director Beyer stated this past Monday we issued the draft report for our Intercept program audit. The Information Security audit is in field work and testing and has been progressing nicely.
- Deputy Director Beyer stated that in addition to our work with the different departments on implementations and audit recommendations, we've become even more involved in the testing and providing input on the implementation of Sports Gaming.
- Deputy Director Beyer highlighted the work being done by our Finance team to implement several audit recommendations. He stated that at the beginning of September, they started scheduling monthly meetings to review outstanding issues that have been unresolved for quite some time. Deputy Director Beyer noted that this monthly check in has been beneficial to really review those issues.
- Deputy Director Beyer noted that one of the key takeaways from the Cashless Audit was a general recommendation for Finance to designate a single coordinator or lead who would oversee the daily reconciliations and the processes for the Cashless program. In August they hired a Cashless Coordinator, Julia Toth. Deputy Director Beyer stated that a few weeks ago he had the opportunity to sit with her and review her work. He stated that Ms. Toth has really taken true ownership over the program and was doing a great job.

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- Deputy Director Beyer stated that the Internal Audit department is still working to fill the vacancy that occurred when Diane Nagorny retired over the summer. We are actively working with our HR team and hope to have that resolved soon.
- Madam Chair Mingo asked how many auditors we currently have. Deputy Director Beyer answered that we have two auditors currently on staff.
- Deputy Director Beyer moved on to the Dashboard. He stated we had just one audit issue that was more than two fiscal years old. Currently, there are 18 open issues evenly split between Finance and IT. Both departments continue to work on implementing these recommendations. On the IT side, recently they have been focused on Sports Gaming. Deputy Director Beyer stated that he expects that IT would return their focus back to these issues after the first of the year.
- Deputy Director Beyer moved onto the Quarterly Status Report and provided a high-level overview of the status of each audit.
- Deputy Director Beyer stated that OBM is slated to start the Instant Ticket Production audit by the fourth quarter of this year. Also, our Annual Assurance Review conducted by OBM typically starts in March.
- Deputy Director Beyer moved onto the Aging Accountability Report (AAR). He noted that two of our more recent issue recommendations were from the Super Retailer audit that OBM completed just a few months ago. He stated that Finance had accepted OBM's recommendations and procedures have been created for their implementation. Deputy Director Beyer stated that he expects that this issue will close soon. He concluded his report and asked if there were any questions.
- Madam Chair Mingo asked for clarification on a couple acronyms that were on the Quarterly Assessment report. One acronym noted was TPV. Deputy Director Beyer answered stating it stands for Third-Party Vendor.
- Madam Chair Mingo turned the meeting over to the Office of Budget and Management. She stated that Cindy Klatt, Director of Office Budget, and Management and a few of her staff were joining virtually.

OFFICE OF BUDGET AND MANAGEMENT UPDATES

- Cindy Klatt, Director of Office of Budget, and Management provided the committee a high-level overview of the outstanding observations that Deputy Director Greg Beyer mentioned. In addition, Ms. Klatt announced that she was retiring effective at the end of December 2022. She mentioned things will change in internal audit, and that they have not named a successor for Office of Budget and Management (OBM).
- Ms. Klatt stated that as soon as we know who the next Chief Audit Executive for OBM will be, we will reach out to Deputy Director Beyer.
- Ms. Klatt concluded her report and asked whether there were any questions. There were none.
- Madam Chair Mingo thanked Ms. Klatt for her years of service and stated that she has been a true partner and supporter of the Commission and we thank you.

ASSISTANT DIRECTOR NICOLE KOSTURA UPDATES

- Assistant Director Kostura congratulated Ms. Klatt on her years of service.
- Assistant Director Kostura stated that she appreciated OBM for trying to understand the Lottery's business as far as what to look for and what would be best for the Lottery.

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- Assistant Deputy Director Kostura thanked Deputy Director Beyer, and his team for helping with Sports Gaming. She appreciated his willingness to allow his team to help as Ohio Lottery prepares for January 1st and beyond.
- Assistant Director Kostura also provided a brief overview of the Lottery's gaming system contract and some of the performances in the field and matters from the sales side.
- This concluded Assistant Director Kostura report.

ASSISTANT DIRECTOR SEAN WEBSTER UPDATES

- Assistant Director Webster stated that we were contracting with Gaming Labs International (GLI) on a pilot project to look at SOC reports. The SOC reports are statements of control, looking at the security controls that various vendors use to protect our data and systems, they are written at very technical level.
- Assistant Director Webster stated that the Lottery's Contract Compliance Manager would ultimately be able to say whether these controls are in place and are sufficient, or whether additional controls are needed.
- The Department of Legal is working on translating those SOC reports into layman's terms so that our Contract Compliance Manager Tracy Pitney can evaluate them. Assistant Director Webster stated that there was a kickoff meeting on Monday, December 12, 2022, and there are seven to eight SOC reports that will have to be evaluated.
- Assistant Director Webster concluded his report and asked whether there were any questions or comments. There were none.

EXECUTIVE SESSION

- Madam Chair Mingo stated that, "At this time I would like to move to go into Executive Session to consider security and infrastructure records required to be kept confidential by Ohio Revised Code §§121.22 and 149.433". Madam Chair Mingo's motion was seconded by Commissioner Sweeney. Ms. Reeves took a roll call vote, and all Audit Committee Members present affirmatively voted. The motion passed unanimously 3-0.
- The Audit Committee moved into Executive Session at 11:17 a.m.
- The Audit Committee moved out of Executive Session at 11:23 a.m.

NEW BUSINESS ITEMS

- None.

ADJOURNMENT

- Madam Chair Mingo called for adjournment of the Meeting at 11:24 a.m.

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Prepared by:

Carla Reeves

Carla Reeves, Lottery IA Administrative Professional

Approved by:

Angela Mingo

Madam Chair Angela Mingo, Lottery Audit Committee

Signature: *Angela Mingo*
Angela Mingo (Apr 13, 2023 10:22 EDT)

Email: angela.mingo@lottery.ohio.gov






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Final Audit Report

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