



**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**

**March 8, 2023
10:30 A.M.**

Present at the meeting were the following:

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

CALL TO ORDER

- The Ohio Lottery Commission's (the "Lottery") Audit Committee Meeting of March 8, 2023 was called to order by Madam Chair Angela Mingo at 10:36 a.m. The meeting was held both in person and via Microsoft Teams.
- Madam Chair Mingo asked Ms. Carla Reeves to take a roll call of all Audit Committee members that were present. Roll call was called, and all Audit Committee members were present.

APPROVAL OF MINUTES OF

- Madam Chair Mingo asked the Audit Committee Members whether there were any questions regarding the minutes from the December 14, 2022, meeting.. There were no questions at that time. Madam Chair Mingo motioned to approve the Minutes, which was seconded by Commissioner Sweeney. Ms. Reeves took a roll call vote, and all Audit Committee Members present affirmatively voted. The motion passed.

MADAM CHAIR COMMENTS

- Madam Chair Mingo welcomed everyone to the March Audit Committee meeting. She stated that Ms. Carla Reeves will be leaving the Audit Committee Staff and has been a recipient of a promotion. Ms. Reeves will be changing her position to the Lottery Sports Gaming Team. Madam Chair Mingo thanked Ms. Reeves for her service to the Internal Audit Committee.
- Madam Chair Mingo stated that there were three Governance documents that required the committee's approval. Madam Chair Mingo stated that the *first* document was the Audit Committee Charter, which established the Ohio Lottery Commission Audit Committee. The purpose of the Audit Committee Charter was to assist the Commissioners to fulfill the oversight and advisory responsibilities to the Ohio Lottery's financial reporting, the Internal Controls, the Risk Assessment, the Internal/External processes and compliance with the laws rules and regulations. The *second* document was the Internal Audit Charter. She stated that Internal auditing is an independent, objective assurance and consulting activity designed to add value to the Ohio Lottery's operations. Madam Chair Mingo asked Deputy Director Beyer to provide comments regarding the governance documents.
- Deputy Director Beyer informed the committee that in the draft governance documents, including the Audit Committee Charter, Internal Audit Charter and Internal Audit Policy and Procedure Manual, there were only a few minor date, grammatical and formatting changes made this year. There is one larger change of note which can be found in the Internal Audit Charter. This change has to do with the reporting structure for OBM-Internal Audit. The new reporting structure has their Chief Audit Executive now reporting to an operations Director, and three audit chiefs that report to the CAE.
- Deputy Director Beyer informed the committee that the Institute of Internal Auditors is currently in the process of updating the International Professional Practices Framework. These standards provide the framework for performing and promoting internal auditing. The draft version of the new standards, which have a working title of *Global Internal Audit Standards* were released on March 1st for public review and comment. These will remain open for comment through May 30th of this year. After reviewing all comments, and making any applicable revisions, the IIA expects to release the new standards before the end of 2023, taking effect in January 2024.

DEPUTY DIRECTOR, OFFICE OF INTERNAL AUDIT COMMENTS

- Deputy Director Beyer gave a brief update on Internal Audits role with supporting the Lottery Information Technology team as they worked through the testing of Intralot Sports Book Product. Internal Audit has completed our support for this project as Intralot has now gone live with their sports gaming product on our existing terminals.
- Deputy Director Beyer has begun holding our annual Risk Assessment meetings with each department, ahead of drafting our audit plan for fiscal year 2024. These department meetings will continue into the first half of April. This year's process will be reviewing the audit area's and updating our scoring based on any changes that may have occurred over the past year or are expected in the coming months. Additionally, our stakeholder survey will be sent to the full Commission, and other lottery stakeholders.

Based on feedback received last year, we are updating the survey, and expect to have this ready to share in the coming weeks.

- Deputy Director Beyer informed the committee the Lottery is preparing for an upgrade to our audit management software application TeamMate. Our current version of the software will no longer be supported by the vendor. This upgrade process is also being undertaken by the Auditor of State and OBM Internal Audit groups. The installation and setup of the application was scheduled during the first week of May.
- Deputy Director Beyer informed the committee there are two projects that are in the planning stages, one that has not yet been started, and 4 completed. Since our December meeting the committee has been able to verify and close 8 issues. The remaining open audit issues are from the past two fiscal years. Based on the latest update from our departments, we expect to close the lone issue from fiscal year 2021 in the coming months.
- Deputy Director Beyer spoke about the Quarterly Audit Plan update. Internal Audit is now in the reporting phase for the Information Security Audit. This project has reviewed the oversight and patch management processes for our servers at the State SOC and end-user workstation operating systems, including vulnerability scans. There were some challenges along the way, as many of our processes are intertwined with State OIT procedures and oversight. We expect the draft report to be available before the end of the month. There are four objectives in this audit – to determine if the Lottery has a complete inventory of all hosts on the network, to determine if all remediation patches are tested prior to their promotion to the production environment, to determine if IT management monitors vulnerability and change management processes for efficiency and effectiveness, and to determine if critical third party vendor relationships pertaining to the patch and vulnerability management processes are documented via a contract or service level agreement.
- Deputy Director Beyer stated that while planning for the Lottery Data Centers Audit, it was discovered that the Information Technology department had not yet completed several process changes and enhancements to their operating procedures related to the Internal Control System. These changes are expected to be fully implemented over the next two months. As a result, Internal Audit has decided to pause this project until those changes are completed. It is expected that planning will resume before the end of the fiscal year, sometime mid-way through the 4th quarter.
- Deputy Director Beyer stated Auditor Jane Parker was assigned to the Fixed Asset Inventory Control audit. This project will review the processes, procedures, and oversight of our asset inventory program. Our Lottery Deposit Program audit has been assigned to Auditor Joe Volpi. This audit will look at the process's controls, reconciliation, and accounting of deposited funds for our in-house bonding program.
- Deputy Director Beyer informed the committee that Internal Audit received a request from the Office of Budget and Management Internal Audit to schedule a scoping meeting for our Instant Ticket Production Contracts audit. This meeting has been scheduled. The Internal Audit department will do an External Assessment. This process is slated to begin later this year. The objective of an external assessment is to evaluate internal audit activities, including our conformation with the Standards, and Code of Ethics. Through conformance with the Standards and Code of Ethics, the internal audit activity also achieves alignment with the Definition of Internal Auditing and the Core Principles for the Professional Practice of Internal Auditing. We are looking to accomplish this through a self-assessment with independent

validation. The independent validation option is available through NASPL and their Internal Audit group. Several of the members have undergone additional training and certification to complete this external assessment validation.

OBM UPDATE

- Kelly Salomone, Chief Auditor Executive, OBM, stated that they will perform their Instant Ticket audit during quarter four..
- Ms. Salomone stated that there are two outstanding audit observations for the Ohio Lottery Commission.
- Ms. Salomone mentioned that the Assurance Review has been put on hold due to lack of staffing resources.
- This concluded Ms. Salamone's report. She asked whether there were any questions. There were none.

ASSISTANT DIRECTORS' UPDATES

- Assistant Director Kostura thanked the department of Internal Audit for all their hard work improving the agency processes.
- Assistant Director Kostura stated she is looking forward to OBM starting on our Instant Ticket Production Contract.
- Assistant Director Kostura thanked Ms. Reeves for all her help and congratulated her on her promotion to Sports Gaming.
- Assistant Director Webster thanked the Internal Audit team for their help with Sports Gaming.
- Assistant Webster informed the committee that the Lottery has contracted with a consultant to look at our SOC reports, starting with our two larger contracts Intralot and the Marcus Thomas.

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 made a motion to move into Executive Session, which was seconded by Commissioner Sweeney. Ms. Reeves took a roll call vote, and all Audit Committee Members present affirmatively voted. The motion passed 3-0.
 - The Audit Committee moved into Executive Session at 10: 33 a.m.
 - The Audit Committee moved out of Executive Session at 11:10 a.m.
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NEW BUSINESS ITEMS

- There were no new business items.

ADJOURNMENT

- Madam Chair Mingo called for adjournment of the Meeting at 11:15 a.m.

Prepared by:

Theresa Jones

Terri, Jones, Administrative Professional

Approved by:

Angela Mingo

Madam Chair Angela Mingo, OLC Audit Committee

Signature:

Email: angela.mingo@nationwidechildrens.org

Signature: Angela Mingo
Angela Mingo (Jul 26, 2023 09:28 EDT)

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