



**MINUTES OF THE MEETING OF
THE OHIO LOTTERY COMMISSION (OLC) AUDIT COMMITTEE**

**HELD via MICROSOFT TEAMS/ 1st Floor Human Resources Conference Room
615 WEST SUPERIOR AVENUE - CLEVELAND, OHIO 44113**

**December 8, 2021
10:00 A.M.**

Present at the meeting were the following:

Angela Mingo, Madam Chair and Commissioner, OLC
Martin Sweeney, Audit Committee Member and Commissioner, OLC
Matthew Szollosi, Audit Committee Member and Commissioner, OLC
Sean Webster, Assistant Director, OLC
Nicole Kostura, Assistant Director, OLC
Cindy Klatt, Chief Audit Executive, Office of Budget and Management
Gregory Beyer, Deputy Director of Internal Audit, OLC
Carla Reeves, Office of Internal Audit, OLC
Jane Parker, Office of Internal Audit, OLC
Joseph Volpi, Office of Internal Audit, OLC
Diane Nagorny, Office of Internal Audit, OLC

Guest:

Matthew Goldman, Senior Audit Manager, Auditor of State
Brian Ohl, IT Auditor, Auditor of State

CALL TO ORDER

- The Ohio Lottery Commission's (the "OLC") Audit Committee Meeting of December 8, 2021, was called to order by Madam Chair Angela Mingo at 10:03 a.m. at the OLC's Human Resources Conference Room 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 September 8, 2021

- Madam Chair Mingo asked the Audit Committee Members whether there were any questions regarding the September 8, 2021, Meeting Minutes? There were no questions at that time. Madam Chair Mingo made a motion to approve the Minutes. Commissioner Szollosi seconded the motion. The Minutes were approved.

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MADAM CHAIR COMMENTS

- Madam Chair Mingo welcomed everyone to December's Audit Committee Meeting.
- Madam Chair Mingo pointed out that we were halfway through the Fiscal Year. She noted that the current number of open issues was the lowest specifically for a December Audit Committee Meeting.
- Madam Chair Mingo explained what constituted an older audit issue and stated that these issues accounted for thirty-five percent of this Meeting's outstanding issues.
- Madam Chair Mingo stated that in 2019 older audit issues accounted for eighty-two percent of all issues.
- Madam Chair Mingo stated that the steady decrease had allowed the Office of Internal Audit to focus their attention on current audit issues, recommendations, and implementations.
- Madam Chair Mingo congratulated the Office of Internal Audit team for their hard work.
- Deputy Director Beyer added a comment, thanking the Executive Staff and Deputy Directors for their hard work in implementing these issue recommendations.
- Madam Chair Mingo concluded her remarks.

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 3-0.
- The Audit Committee moved into Executive Session at 10:05 a.m.
- The Audit Committee moved out of Executive Session at 10:35 a.m.

DEPUTY DIRECTOR, OFFICE OF INTERNAL AUDIT COMMENTS

- Deputy Director Beyer stated that the Internal Audit team verified and closed thirteen issues since September's Audit Committee Meeting. Deputy Director Beyer stated that this included two older issues from the Super Retailers Audit.
- Deputy Director Beyer noted that the Internal Audit team has continued to make progress on all issues and currently there are seventeen open issues.
- Deputy Director Beyer stated in addition to the audit work, his team was asked to assist in two new agency initiatives. One being the Vax-2-School campaign, and the other a special draw for the Board of Pharmacy.
- Deputy Director Beyer stated that he, along with his Assistant Carla Reeves, the Security Draw Manager, and Executive staff, reviewed the draw procedures.
- Deputy Director Beyer stated that the draw was conducted similar to last summer's Vax-a-Million campaign.
- Deputy Director Beyer stated that there were no issues conducting the draw.

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- Deputy Director Beyer stated we were still awaiting the date of the second project for the Board of Pharmacy.
- Deputy Director asked whether there were any questions? There were none.
- Deputy Director Beyer moved onto the Dashboard.
- Deputy Director Beyer directed the Audit Committee to the lower left-hand chart labeled “Open Issues”. He noted that we have been making significant progress working on the long-term audit issues.
- Deputy Director Beyer moved onto the Quarterly Status Report.
- Deputy Director Beyer stated that the Information Security Audit was assigned to Auditor Joseph Volpi and is currently in the Planning Stage. The Mobile Cashing Audit was assigned to Auditor Jane Parker and is in the Testing Phase.
- Deputy Director Beyer stated that both the Cashless and the MBE (Minority Business Enterprise) Audits are in the Reporting Phase. The Office of Budget and Management (OBM) completed the Pollard/Diamond Games Audit. The Drawings Audit had been assigned to Auditor Diane Nagorny and is currently in the Planning Phase.
- Deputy Director Beyer stated that we have received SOC Reports from Sci-Games and IGT. He stated that he and his Assistant Carla Reeves have verified prior Complementary User Entity Controls (CUEC) with the current CUECs and there were no changes.
- Deputy Director Beyer stated that the review of CUECs was not an audit. The purpose was to ensure that the departments have implemented these controls, and if not, they have asked what risk that may pose to the agency?
- This concluded his report. He asked whether there were any questions?
- Commissioner Sweeney asked for Deputy Director Beyer to describe the process of completing an audit and then addressing any audit recommendations.
- Deputy Director Beyer, with the assistance of Assistant Director Webster, explained the process to complete an audit and remediate audit issue recommendations.
- Madam Chair Mingo asked for additional information on the Fraud Monitoring Audit. Deputy Director Beyer stated that this audit is on hold due to recent turnover within the Security Department.
- Deputy Director Beyer stated that he recently met with the new Deputy Director of Security regarding this audit and would work together to re-establish a timeline for the project over the coming weeks.
- There were no other questions.
- Deputy Director Beyer moved onto the Aging Accountability Report (AAR). He stated there were seventeen open issues. He stated that the report was broken down into short-term and long-term issues. The Auditor of State (AOS) issues were separated as they are reviewed once per year by the AOS.
- Deputy Director Beyer moved onto the specific issues noted in the AAR.
- Deputy Director Beyer stated that we now have a new Contract Compliance Manager who will follow-up on the outstanding Contract Compliance and Vendor Management issues. In addition, he mentioned that the Finance Department planned to review SOC Reports to understand what contracts would require a SOC Report.
- Deputy Director Beyer stated that there were three new issues from the OBM Select-4 Audit. All three were Low Risk.

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- Deputy Director Beyer stated that after speaking with the Sales team they would be implementing two of the recommendations.
- This concluded Deputy Director Beyer's report. He asked whether there were any questions or comments?
- Madam Chair Mingo commented that she happy to hear that we are making progress on the AAR.

ASSISTANT DIRECTOR NICOLE KOSTURA UPDATES

- Assistant Director Kostura stated that her report would be brief. She stated that two people were hired regarding Contract Compliance. The Contract Compliance Manager was an internal hire, and the other individual was hired to oversee the Sales portion of our business. Assistant Director Kostura stated that this individual was hired back in the Summer and has made a positive impact within the Sales Department.
- Assistant Director Kostura concluded her report.

ASSISTANT DIRECTOR SEAN WEBSTER UPDATES

- Assistant Director Webster stated that he was pleased to hear that they were able to close a lot of the outstanding AAR issues. He mentioned, regarding the Super Retailer Audit, that they made great progress in getting all the Super Retailers on the same page as far as having the same procedures and contracts, and he was pleased to hear that the audit issues have been closed.
- This concluded Assistant Director Webster's report.
- Commissioner Sweeney asked how we communicated with the Super Retailers on the importance of ensuring Racinos and other lottery agencies were on the same page? Assistant Director Webster explained the history behind the Super Retailers Program and how a solution was developed as to how Super Retailer customers were able to cash winning tickets between \$600 and \$5000.

NEW BUSINESS ITEMS

- Deputy Director Beyer noted that we would begin scheduling meetings for our Fiscal Year 2023 Annual Risk Assessment with the Deputy Directors in January thru February.

ADJOURNMENT

- Madam Chair Mingo called for adjournment of the Meeting at 10:45 a.m.

Prepared by:

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Carla Reeves

Carla Reeves, OLC IA Administrative Professional

Approved by:

Angela Mingo

Madam Chair Angela Mingo, OLC Audit Committee

Signature: *Angela M. Mingo*
Angela M. Mingo (Mar 14, 2022 12:07 EDT)

Email: angela.mingo@nationwidechildrens.org

Signature:

Email: