



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

**HELD via MICROSOFT TEAMS  
615 WEST SUPERIOR AVENUE - CLEVELAND, OHIO 44113**

**September 20, 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  
Gregory Beyer, Deputy Director of Internal Audit, Lottery  
Carla Reeves, Office of Internal Audit, Lottery  
Jane Parker, Office of Internal Audit, Lottery  
Joseph Volpi, Office of Internal Audit, Lottery

**CALL TO ORDER**

- The Ohio Lottery Commission's (the "Lottery") Audit Committee Meeting of September 20, 2022, was called to order by Madam Chair Angela Mingo at 10:03 a.m. via Microsoft Teams.

**APPROVAL OF MINUTES OF THE JUNE 8, 2022, MEETING**

- Madam Chair Mingo asked the Audit Committee Members whether there were any questions regarding the June 8, 2022, Meeting Minutes? There were none. Madam Chair Mingo made a motion to approve the Minutes. Commissioner Sweeney seconded the motion. The motion passed unanimously 3-0.
- Madam Chair Mingo asked Ms. Carla Reeves to take a roll call of all Audit Committee members that were present. Roll was called, and all Audit Committee members signified that they were present.

# OHIO LOTTERY COMMISSION'S AUDIT COMMITTEE MINUTES

September 20, 2022

Page 2

## **MADAM CHAIR MINGO COMMENTS**

- Madam Chair Mingo stated that the Audit Committee would discuss and approve the Internal Audit Annual Report. In addition, Deputy Director Beyer would provide his quarterly update.
- Madam Chair Mingo stated that the Internal Audit team have worked closely with Senior Management to close past audit issues. She recognized the IT, Finance and Legal teams who have all been very helpful and supportive in making sure that the issues were properly and swiftly addressed.
- Madam Chair Mingo stated that she and Deputy Director Beyer have discussed prior to today's meeting, what they have seen as it relates to the minimization of risk to the Ohio Lottery Commission.
- Madam Chair Mingo congratulated staff and leadership for their vigorous effort and hard work that's been done, and she stated that we would keep that pace going.
- Madam Chair Mingo concluded her comments and directed the meeting to Deputy Director Gregory Beyer.

## **APPROVAL OF FINAL FISCAL YEAR 2023 INTERNAL AUDIT ANNUAL REPORT**

- Deputy Director Beyer directed the committee to page six of the combined documents. He stated that every year he summarizes the work and accomplishments of our Internal Audit group. For Fiscal Year 2022, the accomplishments of note included the completion of eight audit projects resulting in 22 new recommendations, as well as the remediation of 30 older outstanding audit issues.
- Deputy Director Beyer directed the committee to page fourteen of the combined materials. He stated that achievements would not have been possible without a collaborative and positive working relationship between, not only our Internal Audit team, but Executive leadership, department deputy directors, as well as their staff throughout the agency.
- Deputy Director Beyer noted that while the issue recommendations came from our audit findings, it was the role of the departments to take those recommendations and implement the changes necessary to reduce risk, improve controls, and increase the efficiency in their daily processes. He added that the Department of Internal Audit continued to build those relationships and worked to ensure that we provide that service and support.
- Deputy Director Beyer directed the committee to page sixteen and stated that the client survey results over the past year also reflected positive collaboration within our agency in the different departments over the past year, 95% of all the responses from our survey were marked as favorable.
- Deputy Director Beyer concluded his comments on the Annual Report and stated he would be happy to answer any questions that the committee had.
- Madam Chair Mingo thanked Deputy Director Beyer and asked the committee if they had any questions?
- Madam Chair Mingo pointed out that based on the high number of positive remarks on the survey results that were received, she felt that this really spoke to the effort of the team. And being able to get feedback from staff was very helpful.
- Madam Chair Mingo moved for for the approval of the Internal Audit Annual Report. She asked for a second. Commissioner Szollosi seconded.
- Ms. Reeves took a roll call vote, and all Audit Committee Members present affirmatively voted. The motion passed unanimously 3-0.

**DEPUTY DIRECTOR, OFFICE OF INTERNAL AUDIT COMMENT**

- Deputy Director Beyer stated that Fiscal Year 2023 has been productive for our Internal Audit group. He stated that the final report for our SCI- Games Enhanced partnership audit was issued in August. He added that he was nearing the completion of the INTERCEPT program audit. As well as the field work and testing for the Information Security audit.
- Deputy Director Beyer stated that he had continued to make progress on remediating outstanding audit issues, including being able to review and verify 5 recommendations that were implemented since our last meeting in June.
- Deputy Director Beyer stated that four of those issues were long term projects that that took a significant amount of work and time. Deputy Director Beyer provided the committee with a detailed report on two of those projects.
- Deputy Director Beyer stated that outside of audit projects and remediation efforts, he continued to be involved in the implementation of Sports Gaming. While weekly progress meetings have slowed down more recently, he was approached by our IT staff seeking assistance and support for the upcoming system testing. While tentatively scheduled for November, he added that he would be working with IT to help test the sports gaming system and to ensure that transactional data and financial information are being accurately reported between our ICS and the Financial General Ledger.
- Deputy Director Beyer added that long-time auditor Diane Nagorny retired at the end of July. Prior to her departure, a search began for filling her vacancy, noting hiring challenges in our agency in the past year. He stated that he did his best to promote the position, which included accessing the job boards with the IIA and ISACA (two professional internal audit organizations) to find the best candidates. He advised that several applications were received and that interviews would be conducted with those who meet the minimum qualifications.
- Deputy Director Beyer stated that he was hopeful that the position would be filled prior to the next meeting in December. He added that effective last week, auditor Jane Parker was promoted from the classification of Internal Auditor 3 to Internal EDP Auditor 2. He congratulated Ms. Parker on her promotion and stated that he looked forward to seeing her continue to do excellent work for the Lottery in her new role.
- Deputy Director Beyer asked the committee to reference the dashboard located on page eighteen. He stated that the graphs and layout for this section were updated. Currently, there were five projects underway either in field work or reporting and one project had been completed so far this year.
- Deputy Director Beyer stated that one chart showed a significant reduction in the number of audits issues tracked, and most of those issues were from audits completed in Fiscal Year 2022. He noted that there was an error in the chart that he missed prior to distribution. The correct number of open issues for Fiscal Year 2022 audits should be nineteen and the number of open issues from Fiscal Year 2021 was two. In addition, there was just one open issue that remained from Fiscal Year 2018 and one from Fiscal Year 2020.
- Deputy Director Beyer stated that the last chart on the bottom of the page showed open issues by department. While finance had the most open issues, he added that it was not from a lack of effort. He stated that six of these issues were directly related to the lack of a Cashless Coordinator position. However, a new staff member to fill that role was hired at the end of August. That person is becoming

## OHIO LOTTERY COMMISSION'S AUDIT COMMITTEE MINUTES

September 20, 2022

Page 4

acclimated to the Lottery and would soon be reviewing the action plans in place to make any changes necessary to mitigate those identified risks.

- Deputy Director Beyer asked whether there were any questions?
- Madam Chair Mingo congratulated Jane Parker on her promotion. Madam Chair Mingo stated that Diane Nagorny's presence would be missed for the great work that she has accomplished for the Lottery.
- Madam Chair Mingo asked how Ms. Nagorny vacancy had impacted the department? Specifically, had there been any redistribution of assigned open issues?
- Deputy Director Beyer answered that Ms. Nagorny shared with him that she was retiring prior to completing the audit plan for the year, so he was able to take that into account. He added that he did not have as many projects scheduled for this fiscal year because he was unsure of when that position could be backfilled.
- Deputy Director Beyer moved on to page nineteen of the combined materials. He provided a high-level update of each of the projects on the quarterly audit plan.
- Commissioner Szollosi asked how things were going with the State Auditor's Office? He presumed everything was going smoothly, but just wanted to circle back to make sure they're treating us well.
- Deputy Director Beyer answered saying yes, the audit had been going very well, in fact smoother than it had been in recent years in terms of sharing documents and utilizing a new SharePoint page. He added that he has been able to easily upload documents to a central location.
- Deputy Director Beyer asked whether there were any additional comments. There were none.
- Madam Chair Mingo stated that it was great to hear the progress that was made and the planning that had taken place with the change in staff. She added a best of luck on finding an optimal candidate to replace Diane Nagorny.

### **ASSISTANT DIRECTOR NICOLE KOSTURA UPDATES**

- Assistant Director Kostura thanked Madam Chair Mingo for her comments about the staff. Assistant Director Kostura stated that it has been an ongoing process to continue to work with the audit team to make improvements on closing audits, but more importantly, adherence to some recommendations and to improve business practices overall.
- Assistant Director Kostura stated that she appreciated Madam Chair Mingo for recognizing Deputy Director Beyer and his team for their work as well.
- Assistant Director Kostura stated that she and Assistant Director Webster both had the pleasure of working on the Scientific Games Enhanced Partnership audit that Deputy Director Beyer mentioned.
- Assistant Director Kostura thanked them for their work. She mentioned that while she saw great gains in the scratch-off product line, which was primarily what that contract helps us do, as well as helping to optimize inventory at retail. She added that it was good to have a third-party evaluation of processes. While they found what was we needed to work with the contract compliance and finance teams on formal evaluations, she assured the committee those informal evaluations were constantly being accomplished.
- Assistant Director Kostura also thanked Deputy Director Beyer for his comments regarding Ron Fornaro, Scratch-Off Ticket Product Manager,

## OHIO LOTTERY COMMISSION'S AUDIT COMMITTEE MINUTES

September 20, 2022

Page 5

- Assistant Deputy Director Kostura lastly, mentioned sports gaming. She stated that as Deputy Director Beyer mentioned, she was continuing to work diligently with the team on implementing our portion of the sports gaming bill.
- Assistant Deputy Director Kostura stated that Deputy Director Beyer and his assistant Carla Reeves participated in initial work group sessions on trying to implement the new law and type C Sports Gaming at retail, namely because it was one of the more unique models in the country. Deputy Director Beyer was able to provide feedback as program set-up began.
- Assistant Deputy Director Kostura stated that she was continuing to utilize Deputy Director Beyer and the Audit Team for their assistance in making sure that we are not only in compliance with the law, but also ensure that all the proprietors, and the Casino Control Commission licenses, are able to offer the products fairly and with the most integrity.
- Assistant Deputy Director Kostura stated that she appreciated the Audit Team and their willingness to always lend a helping hand.
- Assistant Deputy Director Kostura concluded her report by recognizing Carla Reeves for her assistance with Responsible Gambling, as well as with the Combined Charitable Campaign.
- Assistant Deputy Kostura stated that while it was outside of her Internal Audit duties she appreciated Ms. Reeves constant willingness to volunteer and help with those things, as well as Deputy Director Beyer, for allowing her to assist us in those matters.
- Madam Chair Mingo asked whether there were any questions. There were none.
- Madam Chair Mingo thanked Carla Reeves as well for her support of the Combined Charitable Campaign.

### **ASSISTANT DIRECTOR SEAN WEBSTER UPDATES**

- Assistant Director Webster stated that he had two notes for today. The first was that there were several outstanding issues that Finance was responsible for, and he reiterated that a number of those issues were related to the Cashless Audit. He repeated that a Cashless Coordinator had recently been hired in the Department of Finance and that monthly meetings were scheduled with him and Finance, which began a couple weeks ago, in order to ensure that we stayed on track, as the Cashless Coordinator, gets up to speed and closes out those open issues, while Finance closes out as many of these outstanding issues as possible.
- Assistant Director Webster moved on to his second update which was regarding the Super Retailer Audit, adding that he planned on responding to the findings by the end of the day. He stated that the Office of Budget and Management conducted that audit, noting that through his discussions and through some of their findings, they came up with a couple interesting ways to work on expanding that program. He looked forward to working on that in the future.
- Assistant Director Webster concluded his updates. He asked whether there were any questions. There were none.

# OHIO LOTTERY COMMISSION'S AUDIT COMMITTEE MINUTES

September 20, 2022

Page 6

## 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 10:38 a.m.
- The Audit Committee moved out of Executive Session at 10:49 a.m.

## NEW BUSINESS ITEMS

- Deputy Director Beyer stated that he would present at the State Audit Committee next Thursday, September 29<sup>th</sup> via TEAMS.
- Chair Madam Mingo stated that the next meeting would be Wednesday, December 14th. She looked forward to seeing everyone there.

## ADJOURNMENT

- Madam Chair Mingo called for adjournment of the Meeting at 10:51 a.m.

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 (Dec 19, 2022 15:22 EST)

Email: [angela.mingo@lottery.ohio.gov](mailto:angela.mingo@lottery.ohio.gov)

# APPROVED 9\_20\_22 AC Committee MinutES

Final Audit Report

2022-12-19

Created:	2022-12-19
By:	Carla Reeves (carla.reeves@lottery.ohio.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAABsITC6dqSRNEldvF3gF4QTiEuyZZ78PN

## "APPROVED 9\_20\_22 AC Committee MinutES" History

-  Document created by Carla Reeves (carla.reeves@lottery.ohio.gov)  
2022-12-19 - 5:09:00 PM GMT- IP address: 23.125.249.141
-  Document emailed to angela.mingo@lottery.ohio.gov for signature  
2022-12-19 - 5:09:29 PM GMT
-  Email viewed by angela.mingo@lottery.ohio.gov  
2022-12-19 - 8:21:36 PM GMT- IP address: 104.47.64.254
-  Signer angela.mingo@lottery.ohio.gov entered name at signing as Angela Mingo  
2022-12-19 - 8:22:25 PM GMT- IP address: 69.24.144.19
-  Document e-signed by Angela Mingo (angela.mingo@lottery.ohio.gov)  
Signature Date: 2022-12-19 - 8:22:27 PM GMT - Time Source: server- IP address: 69.24.144.19
-  Agreement completed.  
2022-12-19 - 8:22:27 PM GMT