



Mike DeWine, Governor

Jim Tressel, Lt. Governor

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Michelle Gillcrist, Director

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

**Ohio Lottery General Services Conference Room/Microsoft Teams
615 West Superior Avenue, Cleveland, Ohio 44113**

**March 11, 2026
10:35am**

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
Michelle Gillcrist, Director, Ohio Lottery Commission
Gregory Beyer, Deputy Director of Internal Audit, Ohio Lottery Commission
Brent Collier, Office of Internal Audit, Ohio Lottery Commission
Samantha Crites, Office of Internal Audit, Ohio Lottery Commission
Peter McGinty, Office of Internal Audit, Ohio Lottery Commission
Valerie Murphy, Administrative Professional, Ohio Lottery Commission
Percy Turner, Deputy Director of General Services, Ohio Lottery Commission
Nicholas Stadler, Program Administrator, Ohio Lottery Commission
Kelly Salomone, Internal Audit Section, Office of Budget and Management
Erin Brown, Internal Audit Section, Office of Budget and Management

CALL TO ORDER

- The Ohio Lottery Commission's (the "Lottery") Audit Committee Meeting of March 11, 2026, was called to order by Madam Chair Angela Mingo at 10:35am. The meeting was held in person and via Microsoft Teams.

APPROVAL OF MEETING MINUTES

- Madam Chair Mingo motioned to approve the Minutes of the prior Audit Committee Meeting, dated December 10, 2025, a voice vote was called, and all Audit Committee Members present affirmatively voted. The motion passed 3-0.

DEPUTY DIRECTOR OF INTERNAL AUDIT REPORT

- Deputy Director Beyer began with the draft versions of the governance documents, the Audit Committee Charter, the Internal Audit Charter, and the Internal Audit Policy Procedure Manual. He stated that all the documents have been reviewed and updated ahead of the Fiscal Year. He also mentioned that the changes were left in the documents for review.



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- Deputy Director Beyer stated that some highlights were the expectations of responsibilities for the Deputy Director and 40 hours of Continuing Professional Education (CPE) each Fiscal Year. He also noted that two of the CPE hours need to be in ethics.
- Deputy Director Beyer also updated language in the document to recognize the Director as a point of contact for communications with the Senior Management and the Audit Committee.
- Deputy Director Beyer stated that the Policy and Procedure Manual and the new Topical Requirement from the Global Standards issued in December 2025, which was the Organizational Behavioral Requirement, will go into effect December 2026.
- Deputy Director Beyer mentioned that the Cybersecurity Requirement was the first issued requirement that went into effect in February 2026, and the Third-Party Capital Requirement was issued in September 2025 and will go into full effect September 2026. He also stated that one additional requirement on Organizational Resilience will be issued later this year.
- Madam Chair Mingo asked for a motion to approve the Governance Documents Commissioner Sweeney moved the motion and Commission Szollosi seconded the motion, and the motion passed 3-0.
- Deputy Director Beyer reviewed the current Audit Plan. He stated there are 13 Projects
 - Four projects were completed:
 - Contract – Paper Products and Office Services Audit;
 - Electronic Funds Transfer (EFT) Processes Audit;
 - Retailer Payments and Adjustments Audit; and
 - Annual Financial Audit – Office of Budget and Management (OBM).
 - Three projects are in Reporting phase:
 - Contract – Persona Audit;
 - Field Staff Accountability – Investigators Audit; and
 - Assurance Review Audit.
 - Two Projects are in Planning phase:
 - Merchandising; and
 - Scratch-Off Ticket Administration.
 - Four Projects have not started:
 - Racino VLT Game Development Audit;
 - Records Management and Retention Audit;
 - Payroll Audit; and
 - Lottery Equipment.



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- Deputy Director Beyer stated that the Paper Products Contract Audit was completed and the scope of the audit was to review the compliance with the contractual obligation related to deliverables, contract management, and the oversight of the paper consumable contract.
 - Four key objectives:
 - First, to assess the effectiveness and efficiency of contract management, oversight and monitoring controls;
 - Second, the deliverables were aligned to the goods and services received;
 - Third, evaluate the effectiveness of invoices, processes, and internal controls to ensure charges are aligned with goods and services received; and
 - Fourth, evaluate the contract performance and monitoring.
 - Three issue recommendations:
 - Improvements to inventory controls over inventory management and documentation processes and managerial oversight;
 - Regular completion of quarterly vendor performance evaluation; and
 - Security enhancements for an internal tracking spreadsheet to protect data.
- Deputy Director Beyer mentioned that the current audit is the Scratch-Off Ticket Administration Audit which looks at the processes throughout the life cycle of the scratch off games from development and research through close out and destruction of the remaining tickets. He also stated that OBM Internal Audit was scheduled to begin the Audit on Payroll processes.
- Deputy Director Beyer stated that there were 24 open issues that are being tracked. He mentioned that the Finance Department has most of the open issues with 11, and that two open issues were verified and closed from the recently completed EFT and the Retailer Reconciliation Processes Audit, which had six recommendations, and there were six recommendations for the Taxes Held from Prizes Audit.
- Deputy Director Beyer continued by reviewing the Global Standards and reported on the Internal Audit (IA) Department's performance with them. He began with Domain III, which was Governing the IA Function. He reminded the Committee that the rating scale has changed to include Full Conformance to Global Standards.

- **Domain III: Governing the Internal Audit Function**

Emphasizes the governance structures and collaboration necessary among the Board (Audit Committee), Senior Management and the Deputy Director to sustain an effective internal audit function.

Three core principles: Authorization by the Board, maintained independence of the internal audit function, and the Board oversight.

Collectively, the principles and standards ensure internal audits authority, impartiality, and capability to contribute to the organization objectives through independent assurance and high-quality performance.



- **Principle 6 Authorized by the Board**

Mandates that the Board formally establishes, approves, and endorses the internal audit function's mandate, ensuring clarity around its authority, scope, and responsibilities. This includes review and approval of key governance documents, such as the Internal Audit Charter and mandate.

Additionally, it emphasizes ongoing collaboration between the Board, and the Deputy Director, to reaffirm that the internal audit function remains aligned with organizational objectives and adequately resourced.

- **Standard 6.1 Internal Audit Mandate**

The Deputy Director must provide the Board and Senior Management with the information necessary to establish the internal audit mandate. The Deputy Director must document or reference the mandate in the Internal Audit Charter.

- **Standard 6.2 Internal Audit Charter**

The Deputy Director must develop and maintain an Internal Audit Charter that specifies, at a minimum, the internal audit functions:

- Purpose of Internal Auditing
- Commitment to adhering to the Global Internal Audit Standards
- Mandate, including scope and types of services to be provided
- Organizational position and reporting relationships

Evidence of Conformance:

We review the Internal Audit Charter annually, which includes our mandate. Our charter outlines the authority, roles, reporting structure, responsibilities and scope of the Internal Audit services that we provide.

- **Standard 6.3 Board and Senior Management Support**

The Deputy Director must provide the Board and Senior Management with the information needed to support and promote recognition of the internal audit function throughout the organization.

The Deputy Director must coordinate the internal audit function's Board communications with Senior Management to Support the Board's ability to fulfill its requirements.

Evidence of Conformance:

We include Senior Management in our Audit Committee meetings, from the Director and Assistant Director, as well as the auditees from completed projects. Additionally, biweekly reports are shared with senior management.



- **Principle 7 Positioned Independently**

The Board is responsible for enabling the independence of the internal audit function.

Independence is defined as freedom from conditions that impair the internal audit function's ability to carry out its responsibilities in an unbiased manner.

The internal audit function is only able to fulfill the Purpose of Internal Auditing when the Deputy Director reports directly to the Board, is qualified, and is positioned at the level within the organization that enables the internal audit function to discharge its services and responsibilities without interference.

- **Standard 7.1 Organizational Independence**

The Deputy Director must Confirm to the Board the organizational independence of the internal audit function at least annually. This includes communicating incidents where independence may have been impaired and the actions or safeguards employed to address the impairment.

- **Standard 7.1 Deputy Director Qualifications**

The Deputy Director must help the Board understand the qualifications and competencies that are necessary to manage the internal audit function.

Evidence of Conformance:

We have our Internal Audit Charter that outlines our position within the Lottery. For any instance of potential impairments or conflict, we have our annual disclosure form to preempt anything that may arise in the coming year, and during the planning of each audit, the auditor will document if an impairment exists, and if so, how that will be addressed.

We perform our services without interference, and in a collaborative manner with Senior Management.

- **Principle 8 Overseen by the Board**

Board oversight is essential to enable the overall effectiveness of the internal audit function. Achieving this principle requires collaborative and interactive communication between the Board and the Deputy Director, as well as the Board's support in ensuring the internal audit function obtains sufficient resources to fulfill the internal audit mandate.

- **Standard 8.1 Board Interaction**

The Deputy Director must provide the Board with the information needed to conduct its oversight responsibilities. This must include the Internal Audit Plan, changes potentially affecting the mandate or charter, potential impairments to independence, results of audits, and results from the quality assurance and improvement program.



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○ **Standard 8.2 Resources**

The Deputy Director must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan.

Evidence and Conformance:

This includes our quarterly Audit Committee meetings, where results on completed audit reports, open-issue remediation progress and other pertinent items of note are discussed on a regular basis.

We review our governance documents annually, and set the audit plan, which identifies and estimates the resources necessary to complete the approved plan.

○ **Standard 8.3 Quality**

The Deputy Director must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program includes two types of assessments; External and Internal.

○ **Standard 8.4 External Quality Assessment**

The Deputy Director must develop a plan for an external quality assessment and discuss the plan with the board. The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team.

Evidence and Conformance:

A Quality Assurance Review (QAR) procedure has been developed and will be completed at the conclusion of each audit. The QAR reviewed the key standards and expectations.

OBM Internal Audit conducts an annual assurance review that provides additional outside feedback and recommendations to improve processes and ensure compliance with the Global Standards.

An external assessment review was completed in December 2023. It was done as a self-evaluation with external validation. The next scheduled external assessment will be completed by December 2028. One of the new expectations with the Global Standards is that the person conducting the External Assessment must be a Certified Internal Auditor.

OFFICE OF BUDGET AND MANAGEMENT REPORT

- Kelly Salomone, Chief Audit Executive from the Office of Budget and Management (OBM), stated that the one project that they have with the Lottery is Payroll Audit. She also stated there were no open remediation items at this time.
- Erin Brown, Internal Audit Section of OBM, performed the Provider Assurance Review. The Provider Assurance Review is a review that OBM does for the Lottery due to the Lottery performs Internal Audit functions that OBM relies on, and the review determines whether the



Lottery's Internal Audit Department meets the principles that the Institute of Internal Auditors (IIA) outlines necessary for reliance.

- Ms. Brown stated that the review included the Lottery's Internal Audit policies and procedures, performance measurement process, assurance execution, and the reporting and follow-up processes of open items.
- Ms. Brown stated that for the Purpose Principle the Internal Audit Policy Manual version 2.0 that was approved in June 2025 was reviewed and there were no recommendations.
- Ms. Brown stated that the Element of Practice Principle was the next Principle, and for this Principle the work papers from a selected audit completed in 2025 were reviewed.
 - There were documentation gaps in the work papers;
 - Lottery internal policies and procedures were not identified;
 - Process documentation was difficult to follow;
 - Testing documentation did not clearly summarize the results between testing evidence and conclusions;
 - There were unused templates in the final work papers;
 - Controlled design adequacy evaluation was not clearly completed in the work papers;
 - Audit observation did not consistently include key elements of findings;
 - The basis for the audit objective conclusions in the report was not clearly documented in the work papers, and how those objectives were determined; and
 - Some reported results in the report did not align with the supporting test work.
 - The recommendation was to formalize the engagement supervision process, have a standardized template for risk and controls, the testing approach and results summary, control design evaluation procedure, the audit findings, and a template to outline the criteria and conditions, root cause and effect and rating the risk, also documentation for the basis of engagement conclusions.
- Ms. Brown mentioned that the next Element was communication, results and remediation. The Assurance provider communicates results and ensures management takes timely action. In January 2026 open item report there were 13 observations being monitored, and no recommendations. The Lottery Internal Audit Department demonstrates clear purpose, established policies, appropriate communication, and follow-up practices. OBM Internal Audit continues to place reliance on the Lottery Internal Audit as an Assurance provider.
- Ms. Brown stated that the Assurance Review is an annual review which covers a calendar year, fiscal year 2025 and 2026 annual audit plans.

NEW BUSINESS ITEMS

- Deputy Director Beyer mentioned that the annual risk assessment process will be starting the first week of April, which consists of meetings with each department's Director and key staff to discuss changes in business processes or the department's expectations with the conversion coming up and updating scoring process within the risk assessment matrix.



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- Deputy Director, Percy Turner General Services, stated that the Customer Relations Management (CRM) software is a system that collects data from players and customers to better serve them when they call and also give the Lottery a record of the call to provide better Customer Service, it will mainly be utilized by the Call Center.
- Madam Chair Mingo called for adjournment. Commission Sweeney made a motion to adjourn the meeting, which was seconded by Commission Szollosi. Valerie took a voice vote, and all Audit Committee Members present affirmatively voted. The motion passed 3-0 and the Meeting was adjourned at 11:21am.

X *Valerie Murphy*

Valerie Murphy
Administrative Professional 4

X *Angela Mingo*
Angela Mingo (Jun 23, 2026 10:11:33 EDT)

Madam Chair Angela Mingo
OLC Audit Committee

Meeting Minutes 03.11.2026

Final Audit Report

2026-06-23

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