



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

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

**December 9, 2020  
2:00 P.M.**

**Present at the meeting were the following:**

Angela Mingo, Audit Committee Member and Commissioner, OLC  
Martin Sweeney, Audit Committee Member and Commissioner, OLC  
Nicole Kostura, Assistant Director, OLC  
Sean Webster, Assistant Director, OLC  
Cindy Klatt, Chief Audit Executive, Office of Budget and Management  
Erin Brown, Internal Audit, Section Chief, Office of Budget and Management  
Kelly Salomone, Internal Audit Section Chief, 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, Assistant IT Auditor, Auditor of State

**CALL TO ORDER**

- The Ohio Lottery Commission's (the "OLC") Audit Committee Meeting of December 9, 2020, was called to order by Interim Madam Chair Angela Mingo at 2:02 p.m. via Microsoft TEAMS.

**APPROVAL OF MINUTES OF September 9, 2020**

- Interim Madam Chair Mingo asked the Audit Committee Members whether there were any questions regarding the September 9, 2020 Meeting Minutes. There were no questions at that time. Interim Madam Chair Mingo asked for a motion to approve the Minutes. Interim Madam Chair Mingo motioned to approve the Meeting 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 2-0.

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## **CHAIRMAN'S COMMENTS**

- Interim Madam Chair Mingo stated that her comments would be brief. Interim Madam Chair Mingo acknowledged the Internal Audit Department for their efficiency in maintaining the Annual Audit Plan. She stated that until we hear from the Governor, meetings will continue to be conducted digitally.
- Interim Madam Chair Mingo stated that she anticipated that we would meet digitally at the next Audit Committee Meeting scheduled for March 2021. Interim Madam Chair Mingo stated that until that time, the Audit Team would continue to perform audits as scheduled and remediate older issues.
- Interim Madam Chair Mingo thanked the Internal Audit department, the Office of Budget and Management and the Ohio Lottery Commission Senior Management for supporting the work of the Audit Committee.
- Interim Madam Chair Mingo stated that she was excited for the upcoming Fiscal Year.
- Interim Madam Chair Mingo concluded her comments and moved into Executive Session.

## **EXECUTIVE SESSION**

Interim 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". Interim Madam Chair Mingo asked for a motion to move into Executive Session. Interim Madam Chair Mingo made a motion and it was seconded by Commissioner Sweeney. Ms. Reeves took a roll call vote, and all Audit Committee Members present affirmatively voted. The motion passed 2-0.

- The Audit Committee moved into Executive Session at 2:06 p.m.
- The Audit Committee moved out of Executive Session at 2:39 p.m.

## **DEPUTY DIRECTOR, OFFICE OF INTERNAL AUDIT COMMENTS**

- Deputy Director Beyer stated that since September's Audit Committee meeting, the Audit Team had worked diligently on their assigned audits and that all three Auditors are in the fieldwork/testing phase of their audits.
- Deputy Director Beyer stated that as discussed in Executive Session the Office of Budget and Management (OBM) completed their Quality Assurance review for OLC Internal Audit Department and the Auditor of State (AOS) completed their review of OLCs Finance and IT divisions.
- Deputy Director Beyer stated that he closed a total of six outstanding issues in the last month.
- Deputy Director Beyer stated that one of the issues dated back to Fiscal Year 2015 and that issue related to a new BOS report. Deputy Director Beyer provided the Committee with a detailed explanation of the issue and stated that after meeting with both the Finance and IT Deputy Directors, they both concluded that the report would only be needed a couple times a year. He added that IT personnel would continue to provide support as needed to our General Accounting division in the Finance Department. Both departments, including the Auditor assigned to that audit, agreed upon the decision, therefore Deputy Director Beyer closed this issue.
- Deputy Director Beyer moved on to the Dashboard. He stated that we were halfway through the Fiscal Year and the Internal Audit Department, along with Senior Management, had done a great job in

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implementing issues. Deputy Director Beyer stated that they had made progress in closing some of the older issues. Deputy Beyer mentioned that his focus would be to prioritize implementing the older issues.

- Deputy Director Beyer stated there were nine open issues between Fiscal Years 2015-2018 and we were able to close two. Deputy Director Beyer stated that he would close four more issues before the next Audit Committee meeting.
- Deputy Director Beyer stated that the last three of the long-term issues related to the Contract Compliance and Vendor Management Audit. He stated he would discuss more on that Audit later in the Meeting.
- Deputy Director Beyer moved on to the Fiscal Year 2020 Quarterly Status Report for the Department of Internal Audit. Deputy Director Beyer stated that the Background Checks Audit was in the fieldwork/testing stage. Joseph Volpi, Auditor, was assigned to this Audit and he would be looking at three testing groups Human Resources, VLT and Retailers. Sample documentation was requested from the Department of Security and thus far he had received documentation from Human Resources.
- Deputy Director Beyer stated that Background confirms that information was kept confidential within our access.
- Deputy Director Beyer stated the Drawing - Random Number Generator Audit began testing earlier in October. No major issues have been identified to date, and the Auditor was on schedule to provide a draft report by the first of the new year.
- Deputy Director Beyer stated that the Auditor for the Online Balancing of Games Audit has completed the sample size and would begin fieldwork testing within the next week or two. Deputy Director Beyer stated that the auditor would complete testing by February 2021 and an update would be provided at the next Audit Committee Meeting.
- Deputy Director Beyer stated he had met with staff from the Office of Budget and Management (OBM) to discuss planning for the Mobile Cashing IT Controls Audit. IT provided OBM the requested documents for this audit.
- Lastly, Deputy Director Beyer reported that the Internal Audit Department had received all SOC reports except for one from DataYard. He anticipated that we would receive this report from IT in the next coming weeks. Deputy Director Beyer stated that once we have received the DataYard SOC report, we would begin reviewing the Complementary User Entity Controls (CUEC).
- Deputy Director Beyer asked whether there were any questions. Madam Interim Chair Mingo asked to provide a high-level update of the Stay at Home Order.
- Deputy Director Beyer answered stating he had had a conversation with the Deputy Director of Human Resources and that department was reviewing the Business Continuity Plan to identify how the Stay at Home Order had impacted the Plan.
- Deputy Director Beyer stated that he would be working with HR to developing a survey to provide to the Deputy Directors to identify how the Stay at Home Order had impacted their departments and how they had responded.
- Madam Interim Chair Mingo stated that she would be looking forward to hearing the development of the Audit.
- Deputy Director Beyer moved on to the AAR Summary, stating that currently we had twenty-eight outstanding issues. We had a few long-term outstanding issues and the remainder were short-term

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outstanding issues. His department collaborated with Senior management and had made great progress in remediating older issues. Some specific issues were taking a little longer than wanted, in order to ensure their effectiveness before implementing.

- Deputy Director Beyer moved on to the audit updates. The **Intralot-Gaming System Audit** currently had five opened issues and one of the issues had been verified and implemented. Finance verified one of the issues which was to update policies. Next, General Services was able to confirm that additional staff was added to the Equipment Distribution List (GVR). However, the second part of this issue would be to ensure that the inventory filed matched with what had been noted in the records. That would be part of the annual review of the equipment scheduled for October 2021. Deputy Director Beyer classified this as a long-term issue.
- Deputy Director Beyer moved on to the **Claims-Super Retailers Audit**. There were five open issues and Deputy Director Beyer noted that there had been significant progress in moving these issues.
- Deputy Director Beyer stated that one of the issues pertained to Finance and Legal having collaborated on a draft agreement by which retailers could become Super Retailers. The agreement included guidelines for what would be expected from all parties. Deputy Director Beyer stated that Assistant Director Webster had worked closely with both Finance and Legal to draft the guidelines and the document would be implemented in the coming weeks.  
Assistant Director Webster additionally confirmed that they had also drafted an independent retailer agreement. This would be a new initiative that was created this year. The purpose would be for independent retailers to become Super Retailers. Currently there are twenty independent retailers and the agreement would be used as a template for existing retailers.
- Assistant Director Webster stated that currently they have been working with Scioto Downs, and once established, they would take the current template and make adjustments to implement for other retailers.
- Deputy Director Beyer provided a high-level explanation of the remaining issues for these audits.
- Deputy Director Beyer moved on to the **Sponsorship Audit**. He stated that there were three issues. Because we are unable to hold any events because of Corvid – 19, these issues were temporarily placed on hold until Spring 2021.
- Deputy Director Beyer moved on to the **Contract Compliance and Vendor Management Audit**. Due to the Contract Management Officer being out on leave, these issues have been on hold. Deputy Director Beyer noted that the Contract Compliance Officer retired last month.
- Assistant Director Webster confirmed that the Contract Compliance Officer had retired, and that it was still being discussed under which division this position would go, and then how the job duties would be segregated. Assistant Director Webster stated that there were two main responsibilities of the Contract Compliance Officer, one part would be to oversee the Contract Compliance Program, working with the Deputy Directors and Contact Managers and, the second part would be the sourcing of the Procurement Department in Finance.
- Assistant Director Webster stated they are proposing separating the roles, and that they have someone internally in mind to perform the procurement duties. He stated that they also would like to develop a succession plan for this position, because in the past, when the former employee would go on leave, there was no one to perform those duties. He stated that he hoped to fulfill the position in the next month or so.

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- Assistant Director Webster stated that he was looking forward to revitalizing the Contract Compliance Program and remediate the outstanding issues.
- Deputy Director Beyer moved on to the **OBM-Retailer License and Bonding Audit**. He stated that OBM conducted this audit last fiscal year. There were two remaining issues and the General Services Department provided the Office of Budget and Management (OBM) a status update last week regarding their progress. The web system was in the developmental process and progress had been made on the policy. In addition, they were in the process of hiring a Security Analysis who would also assist in the random backgrounds checks for Retailer license renewals.
- Deputy Director Beyer stated that OBM was scheduled to close these issues on their end.
- Deputy Director concluded his report and asked whether there were any questions. There were no questions.

Commissioner Sweeney remarked that the Internal Audit Department was doing a great job and told them to keep up with the good work.

## ASSISTANT DIRECTOR'S UPDATES

- Assistant Director Kostura stated that she was looking forward to the day where they could implement the recommendations, as that would indicate COVID – 19 was gone.
- Assistant Director Kostura stated that she appreciated the Audit Committee and the Internal Audit Team in helping to improve the agency processes.
- Assistant Director Kostura concluded her report.  
Assistant Director Webster thanked OBM for their assistance in the Liquefied Damages Audit. He stated that he was looking forward to reviewing OBM's report.
- Assistant Director Webster also thanked the Auditor of State (AOS) for their yearly review of Finance and IT audits. Some of the issues noted were recurring findings, however, they have been working on these issues and a lot of progress had been made.
- Assistant Director Webster stated that he had been pleased with the progress that the Internal Audit Department has made over the past couple months in remediating issues, especially the Finance issues and they would continue to work on remediating issues in particular the long term issues.
- Assistant Director Webster concluded his report.

## NEW BUSINESS ITEMS

- Madam Interim Chair Mingo asked whether there were any New Business items.
- Deputy Director Beyer stated that the Department of Internal Audit was scheduled to have a demo with our current vendor on the application of TeamMate Plus, which was an upgraded version of what we currently had.
- Deputy Director Beyer stated that OBM had a demo back in October of the new version of Teammate. Deputy Director Beyer stated that he was looking forward to seeing what the new version had to offer.
- Deputy Director Beyer also noted that he would be reviewing the annual documents and the Risk Assessment. He would be starting that process in the first week in January 2021.

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- Deputy Director Beyer concluded his report.
- Madam Interim Chair Mingo concluded with acknowledgement of gratitude for Chairman Whalen's years of service as being the Chairman for the Ohio Lottery Audit Committee. She added that he was a team player and did a tremendous job in supporting the work of the Office of Internal Audit.
- Commissioner Sweeney added that he was grateful to Chairman Whalen as he provided guidance to him when he became a member of the Audit Committee.
- Madam Interim Chair Mingo again thanked the Internal Audit team and Senior Management for their continued efforts in remediating issues. She stated that this year had been challenging due to Corvid – 19, but the agency persevered.
- Madam Interim Chair Mingo wished everyone happy holidays.

## **ADJOURNMENT**

- Madam Interim Chair Mingo called for adjournment of the Meeting at 3:08 p.m.

Prepared by:



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Carla Reeves, OLC IA Administrative Professional

Approved by:

**Angela M. Mingo**

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Madam Interim Chair Angela Mingo, OLC Audit Committee Chairman

Signature: Angela M. Mingo  
Angela M. Mingo (Apr 14, 2021 16:31 EDT)

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