



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

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

**March 9, 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
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
Diane Nagorny, Office of Internal Audit, Lottery

CALL TO ORDER

- The Ohio Lottery Commission's (the "Lottery") Audit Committee Meeting of March 9, 2022, was called to order by Madam Chair Angela Mingo at 10:03 a.m. via Microsoft Teams.

APPROVAL OF MINUTES OF December 8, 2021

- Madam Chair Mingo asked the Audit Committee Members whether there were any questions regarding the December 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.
- 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 DRAFT Fiscal Year 2023 Governance Documents

- Madam Chair Mingo noted there were minor changes to the Governance Documents and asked Deputy Director Beyer to update the Committee on those changes.
- Deputy Director Beyer began with the Audit Committee Charter. He stated there were no updates to the document.
- Deputy Director Beyer moved on to the Internal Audit Charter. He stated that he reviewed the definition of Internal Audit from the Institute of Internal Auditors' (IIA) website, on page 13 and stated that he updated this section to better reflect what the Department of Internal Audit does for the Lottery.
- Deputy Director Beyer stated that he updated the Core Principles language within the document to reflect what was stated by the IIA.
- Deputy Director Beyer moved on to the Internal Audit Policy Manual. He stated there were no significant changes.
- Deputy Director Beyer concluded his report regarding the Governance Documents. He asked if there were any questions? There were none.
- Madam Chair Mingo added that it was important that we review these documents on a yearly basis and asked if there were any questions. There were none.
- Madam Chair Mingo asked for an approval of the Governance Documents and asked Ms. Reeves to take a roll call of Audit Committee members that were present. Roll call was called, and all Audit Committee members were present.

DEPUTY DIRECTOR, OFFICE OF INTERNAL AUDIT COMMENT

- Deputy Director Beyer provided the Audit Committee a summary of the progress on the Audit Plan for the current Fiscal Year and highlighted the audits for which final reports had been issued.
- Deputy Director Beyer noted that one of the issues pertained to the Segregation of Duties within the Lottery's Claims Department. The Lottery's Finance team updated their process and procedures to ensure that proper segregation of duties existed within the Department. The procedure was shared with Internal Audit and with the Auditor of State.
- Deputy Director Beyer also noted that since January he and Ms. Reeves have attended weekly meetings relating to Sports Gaming. Connie Miller, Director of Operations, facilitated those meetings.
- Deputy Director Beyer stated that he had begun Risk Assessment meetings with each department Director and so far, the meetings have been productive.
- Deputy Director Beyer added that for this current year he asked each Deputy Director to score their own audit areas prior to the meeting. He stated that once he meets with the Deputy Director, he would further discuss their scoring in addition to any other concerns relating to their department.

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- Deputy Director Beyer also stated that he would send an email regarding the Stakeholder's survey to the Commissioners, Lottery Executive staff and to Cindy Klatt, Chief Audit Executive, Office of Budget and Management (OBM).
- Deputy Director Beyer stated that the meetings would conclude by the end of April.
- Deputy Director Beyer directed the Audit Committee to the Dashboard on the lower left-hand chart labeled "Open Issues". He noted that he made significant progress working on the long-term audit issues and that he would speak more to those issues in Executive Session.
- 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 was currently in the Planning Stage.
- Deputy Director Beyer stated that the following audits was completed and Final Reports were sent: Cashless, Mobile Cashing and MBE (Minority Business Enterprise) Audits. He provided a high-level review of each audit.
- OBM completed the Annual Review of Internal Audits work and the report would be available at June's Audit Committee meeting.
- Deputy Director Beyer stated that he 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.
- This concluded his report. He asked whether there were any questions?
- Commissioner Szollosi asked for clarification regarding the security controls for Lottery games. Deputy Director Beyer stated that we are forward thinking to ensure that we have good processes in place if a security breach were to occur.
- Madam Chair Mingo asked for additional information on three of the high-risk issues. Deputy Director Beyer responded that he would speak more on those during Executive Session.
- There were no other questions.

ASSISTANT DIRECTOR NICOLE KOSTURA UPDATES

- Assistant Director Kostura stated that she was able to attend some of Risk Assessment meetings and complimented Deputy Director Beyer and Ms. Reeves on their thoroughness in conducting those meetings.
- Assistant Director Kostura stated that she appreciated the collaboration with the Deputy Directors on identifying potential risks and was looking forward to reviewing the outcome of those meetings.
- 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 noted that over the past several months his level of involvement has lessened compared to a couple of years ago.

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- Assistant Director Webster gave kudos to Deputy Director Beyer and his team as they have established a rapport with the Deputy Directors which has helped them recognize the value that the Department of Internal Audit provides.
- This concluded Assistant Director Webster's report.

OFFICE OF BUDGET AND MANAGEMENT UPDATES

- Chief Audit Executive, OBM, Cindy Klatt, stated that they have begun their last audit for the Fourth Quarter, which was the General Ledger audit, and this would be an Assurance Review.
- She added that every year OBM has performed an Assurance Review for the Lottery. Ms. Klatt explained high level what was entailed in their review,
- This concluded her report. She asked whether there were any questions?
- Madam Chair Mingo asked for a timeline of when the Annual Assurance document would be presented.
- Ms. Klatt stated it would be presented at June's Audit Committee meeting.

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 10:37 a.m.
- The Audit Committee moved out of Executive Session at 10:46 a.m.

NEW BUSINESS ITEMS

- Deputy Director Beyer stated the Final Governance Documents would be presented at June's Audit Committee meeting for final approval.
- Deputy Director Beyer stated the Audit Plan would also be presented at June's Audit Committee meeting.

ADJOURNMENT

- Madam Chair Mingo called for adjournment of the Meeting at 10:50 a.m.

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Prepared by:

Carla Reeves, Lottery IA Administrative Professional

Carla Reeves 6/8/2022

Approved by:

Angela M. Mingo

Madam Chair Angela Mingo, Lottery Audit Committee

Signature: Angela M. Mingo
Angela M. Mingo (Jun 15, 2022 15:15 EDT)

Email: angela.mingo@lottery.ohio.gov






2. FINAL APPROVAL AC Minutes 3.9.2022

Final Audit Report

2022-06-15

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