



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

**Ohio Lottery Human Resources Conference Room/Microsoft Teams
615 West Superior Avenue, Cleveland, Ohio 44113**

**December 11, 2024
10:30 A.M.**

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
Nicole Kostura, Assistant Director, Ohio Lottery Commission
Gregory Beyer, Deputy Director of Internal Audit, Ohio Lottery Commission
Valerie Murphy, Office 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
Marni Santoro, Office of Legal Counsel, Ohio Lottery Commission
Micheal Gonzalez, Chief Data Officer, Ohio Lottery Commission
Maureen Hall, Deputy Director of Information Technology, Ohio Lottery Commission
Kelly Salomone, Chief Audit Executive, Office of Budget and Management
Erin Brown, Internal Audit Section, Office of Budget and Management
Matthew Goldman, Senior Financial Audit Manager, Ohio Auditor of State
Brian Ohl, IT Audit Manager, Ohio Auditor of State

CALL TO ORDER

- The Ohio Lottery Commission's (The Lottery) Audit Committee Meeting of December 11, 2024, was called to order by Madam Chair Angela Mingo at 10:30am. The meeting was held in person and via Microsoft Teams.

APPROVAL OF MINUTES OF

- Madam Chair Mingo motioned to approve the Minutes of the prior Audit Committee Meeting, dated September 11, 2024, which was seconded by Commissioner Szollosi. Valerie took a voice vote, and all Audit Committee Members present affirmatively voted. The motion passed 3-0.

Auditor of State Report

- Matthew Goldman is the Senior Audit Manager with the Auditor of State (AOS) office on the financial side of the Audit Engagement and Brian Ohl is the Audit Manager on the Information Technology (IT) side of the Audit Engagement.

- Matthew Goldman stated that the Audit Engagement began during the summer and ended around the end of September with their opinions dated October 1st, in accordance with the deadline set by the Office of Budget and Management.

- Mr. Goldman stated that the audits were conducted under the Generally Accepted Auditing Standards (GAAS) as well as Governmental Auditing Standards (GAS) by the Controller of the United States of America. Mr. Goldman also stated that the end goal was to reach an audit opinion. The opinion was an unmodified opinion which was the best possible opinion that the Lottery could have received over this year's financial statements.

- Mr. Goldman mentioned that in addition to rendering an opinion on financial statements he also looked at internal controls and compliance. He noted no reportable control deficiencies.

- Brian Ohl stated that there were three management letter comments that were IT related:

- The first was employee onboarding and offboarding procedures;
- Second was service organization monitoring control procedures; and
- Third was the annual user account confirmation.

- Mr. Ohl commented on the Security Administration and stated that he found one of three sampled Intralot boss users still had an active account after their departure and the access was removed during field work.

GOVERNANCE DOCUMENTS

- Deputy Director Beyer stated that the Governance Documents that are to be approved in Final Form are:

- The Audit Committee Charter;
- The Internal Audit Charter; and
- The Internal Audit Policy Manual

- Deputy Director Beyer stated that the documents were reviewed in September and approved in Draft Form, and that the content of each of the documents has not been changed from the approved documents except for formatting and presentation. He also acknowledged Mike Bycko, Visual Communications Manager, for taking the draft documents and putting them into final presentable form and always doing an excellent job for the Lottery.

- Madam Chair Mingo motioned to approve the Audit Committee Charter, the Internal Audit Charter and the Internal Audit Policy Manual, which was seconded by Commissioner Sweeney. Valerie took a voice vote, and all Audit Committee Members present affirmatively voted. The motion passed 3-0.

DEPUTY DIRECTOR, INTERNAL AUDIT REPORT

- Deputy Director Beyer started by introducing the new Internal Auditor Peter McGinty. He also stated that Peter joined the lottery in November with numerous years of service and his most recent was with Cuyahoga County and the Inspector General's Office, he then asked Pete to say a few words.

- Peter McGinty stated that he spent eight years at the Inspector General's office and prior to that he was with the AOS office which he performed audits and inspections.
- Deputy Director Beyer continued with the preparations for the new Global Internal Audit Standards (GIAS) which will go into effect in January 2025. The Internal Audit department has finalized majority of the new policies, work instructions and work template documents to reflect the changes, and new processes within the audit software Teammate+.
- Deputy Director Beyer stated that one of the new requirements is for each internal audit function to have its own individual strategic plan, and the component is that it will include training and development for the IA staff, which was a recommendation that came out of the external assessment completed last year. He also stated that training will be assigned to the auditors from the Information Systems Audit and Control Association (ISACA) for an IT general control certificate and once assigned to the program the auditors will earn 12 Continuing Professional Education (CPE)s for the completion of the online portion, and 4 CPEs for completing the certificate examination. The IA staff at the Lottery is required to complete 40 CPE hours each fiscal year.
- Deputy Director Beyer also mentioned that Brent and Samantha enrolled in the State of Ohio's Data Academy earlier this fall. They have taken courses from advanced Microsoft Excel, Python, which is a coding language state system, Hadoop and their coding language sequel and Tableau, which is an analytics and reporting tool for very large data sets. The end of the program includes a Capstone project where Samantha and Brent will build a data set to analyze the Lottery's Easy Play game data.
- Deputy Director Beyer stated that in October, Director Gillcrist asked the internal audit team to look at two of the Lottery Couriers that began selling scratch off tickets at the conclusion of the prior engagement. The Couriers were open and supportive during the review, and the Deputy Director traveled to Columbus with some members of the products team to visit each location. Deputy Director Beyer will share a final report in early 2025.
- Deputy Director Beyer gave a brief overview of the FY2025 Audit Plan:
 - Three Engagements were completed:
 - Proprietor Oversight - Sports Gaming
 - Contract – Mills James Drawing Transmission
 - Data Access and CPI - OBM
 - One was in Reporting
 - Payment Card Program
 - One in Field Work
 - Responsible Gambling Messaging
 - One that was in Planning
 - Key Card Access Control System (add-on)
- Deputy Director Beyer stated that the Mills James Drawing Transmission Contract Audit's Final Report was released in September and had one objective:

- Evaluate the design and effectiveness of monitoring controls over the contract deliverables. This objective was controlled, with some improvements needed.
 - Three issue recommendations were made to enhance the controls and improve operational oversight:
 - Marketing group to work with the vendors to update the review and approval process to ensure future discrepancies were identified and resolved prior to invoices approval for payment;
 - Marketing group update and document processes for the oversight of contract deliverables including monthly invoices reviews and approvals process, contract performance reviews discrepancy reports and monitoring of daily dray emails; and
 - The marketing group will implement a centralized location for contract documents and supporting information.
 - All three recommendations have been implemented.
- Deputy Director Beyer stated that the Payment Card Program and the Responsible Gambling Messaging Audits were nearing completion.
- The Payment Card Program had two objectives:
 - To ensure that the Lottery adheres to the internal policies and procedures, as well as those prescribed by OBM and Department of Administrative Services (DAS) when managing the Payment Card Program; and
 - The Lottery adheres to the Minority Business Enterprise (MBE) purchasing requirements on procedures when procurements are made with a payment card.
 - The Responsible Gambling Message had two objectives:
 - Evaluate the design and effectiveness of controls over the Responsible Gambling Messaging processes to create and distribute that message, ensuring accuracy and consistency.
 - Evaluate the design and effectiveness of controls to ensure retailer compliance.
- Deputy Director Beyer mentioned that he has been continually monitoring the departments on the implementation of the open issue recommendations and that nine open issues have been closed since September's meeting.

OBM INTERNAL AUDIT REPORT

- Kelly Salomone, Chief Audit Executive from the Office of Budget Management (OBM) stated that OBM has two engagements scheduled with the Lottery, The Assurance Review and Software Licensing.
- Ms. Salomone mentioned that they were tracking Mills James Cash Explosion Game Show and the issue they have is invoices did not match authorized bids, and in some cases, there were no authorized bids for the payment amounts. The recommendation was that a policy be developed to review processes before payments are authorized for payment. It has been noted that the recommendation was implemented, but the policy is not being followed. Ms. Salomone met with Deputy Director Beyer and Deputy Director Frizzi-Babb of Communications to outline a plan, and she will review again.

- Erin Brown, Internal Audit Section from OBM gave an update on the Data Governance Advisory that was completed in September. Ms. Brown stated that the scope of the review included data governance processes which were data classification, data inventory, data retention, disposal, data access and data management. There was one objective, which was to evaluate the design of data governance processes and provide recommendations as applicable.

ADJOURNMENT

- Madam Chair Mingo thanked the Audit Committee and OBM for their continued support of the Lottery and the meeting was adjourned at 11:24am.

X Valerie Murphy
Valerie Murphy (Mar 13, 2025 08:38 EDT)

Valerie Murphy
Administrative Professional 4

X Martin Sweeney
Martin Sweeney (Mar 13, 2025 13:32 EDT)

Commissioner Martin Sweeney
OLC Audit Committee



Meeting Minutes 12.11.2024

Final Audit Report

2025-03-13

Created:	2025-03-13
By:	Valerie Murphy (valerie.murphy@lottery.ohio.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAprdwr-sW6eZOol1ceRYdNtrooawqKM6W

"Meeting Minutes 12.11.2024" History

-  Document created by Valerie Murphy (valerie.murphy@lottery.ohio.gov)
2025-03-13 - 12:36:25 PM GMT
-  Document emailed to Valerie Murphy (valerie.murphy@lottery.ohio.gov) for signature
2025-03-13 - 12:36:29 PM GMT
-  Email viewed by Valerie Murphy (valerie.murphy@lottery.ohio.gov)
2025-03-13 - 12:37:15 PM GMT
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Signature Date: 2025-03-13 - 12:38:01 PM GMT - Time Source: server
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2025-03-13 - 12:38:02 PM GMT
-  Email viewed by Martin Sweeney (markat2@sbcglobal.net)
2025-03-13 - 5:31:54 PM GMT
-  Document e-signed by Martin Sweeney (markat2@sbcglobal.net)
Signature Date: 2025-03-13 - 5:32:56 PM GMT - Time Source: server
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2025-03-13 - 5:32:56 PM GMT