



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

**March 12, 2025
10:45am**

Present at the meeting were the following:

Martin Sweeney, Audit Committee Member and Commissioner, Ohio Lottery Commission
Matthew Szollosi, Audit Committee Member and Commissioner, 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
Daniel Carter, Acting Chief Legal Counsel, Ohio Lottery Commission
Jimmie Hicks, Deputy Director of Responsible Gambling, Ohio Lottery Commission
Edward Slyman, Deputy Director of Finance, Ohio Lottery Commission
Traci Pinkney-Nichols, Financial Manager, Ohio Lottery Commission
Kelly Salomone, Chief Audit Executive, Office of Budget and Management
Erin Brown, Internal Audit Section, Office of Budget and Management

Not Present:

Angela Mingo, Madam Chair and Commissioner, Ohio Lottery Commission
Michelle Gillcrist, Director, Ohio Lottery Commission

CALL TO ORDER

- The Ohio Lottery Commission's (The Lottery) Audit Committee Meeting of March 12, 2025, was called to order by Commissioner Martin Sweeney in Madam Chair Angela Mingo's absence at 10:48am. The meeting was held in person and via Microsoft Teams.

APPROVAL OF MINUTES OF

- Commissioner Sweeney motioned to approve the Minutes of the prior Audit Committee Meeting, dated December 11, 2024, which was seconded by Commissioner Szollosi. Valerie took a voice vote, and all Audit Committee Members present affirmatively voted. The motion passed 2-0.

Audit Committee Comments

- Deputy Director Gregory Beyer stated that two final reports were recently issued for the Payment Card Program audit and the Responsible Gambling Message audit, as well as the completion of the Lottery Couriers review.
- Deputy Director Beyer stated that to date the audit plan was half completed, and the remaining projects are in the planning phase, or scheduled to be completed by the end of the fiscal year. Also, 15 open issues have been verified and closed since the start of the fiscal year.
- Deputy Director Beyer mentioned that in January 2025 the new IIA (Institute of Internal Auditors) GIAS (Global Internal Audit Standards) went into effect, and The Ohio Lottery's policies and procedures were finalized to align with the new standards. There are two notable documents that are still being worked on, and they are the Quality Assessment Policy and the Internal Audit Strategic Plan. The Strategic Plan is a new requirement that the Lottery is getting for the GIAS, and both documents should be completed by the end of the fiscal year.
- Deputy Director Beyer noted that the success of completion of the projects to date goes out to the IA staff, Brent Collier, Samantha Crites and Peter McGinty as well as OBM (Office of Budget and Management).
- Deputy Director Beyer mentioned that Brent and Samantha are currently attending the State's Data Academy outside of their Auditor's duties, and they have completed different trainings on a variety of software applications, most notably Tableau, which the IA department will have access to utilize for internal purposes. Brent and Samantha's Capstone Project will consist of building out a database to analyze all the Lottery's Easy Play games individually, focusing on the game matrixes and ensuring the prizes and the payouts match what was expected. This will be beneficial to the Sales and Products departments.
- Commissioner Sweeney asked if there is an issue with prizes and payouts not adding up? Deputy Director Beyer added that they want to make sure that the price structure

is paying out appropriately so it's not paying out all the top prizes, for example, in the first 50 tickets, but prizes are being paid out randomly and equally throughout the game.

- Deputy Director Beyer stated that two additional projects have been added, Taxes Withheld from Prizes and Lausche DreamTouch Smart Machine, to the Audit Plan and should be completed by the end of the fiscal year. One engagement, the Business Continuity Plan, was cancelled in late fall.

- Commissioner Szollosi inquired about the prize taxes and Deputy Director Beyer explained to Commissioner Szollosi that any lottery prize over \$600 is taxable at 4% State Tax which may be subject to change to 3.5% due to a proposal in the governor's budget.

- Deputy Director Beyer stated that the final report for the Payment Card Program audit was completed and there were two objectives:

- First, the Lottery adheres to the internal policies and procedures as well as those prescribed by OBM and DAS when managing payments; and
- Second, the Lottery adheres to the MBE (Minority Business Enterprise) purchasing requirements when procurements are made with a payment card.

- Deputy Director Beyer stated that the Responsible Gambling Message audit was completed. This audit also had two objectives:

- First, to design effectiveness of the controls Responsible Gambling Messaging processes, to ensure message accuracy and consistency; and
- Second, evaluate the design and effectiveness of controls to ensure that retailer compliance with RG (Responsible Gambling) Messaging.

- Deputy Director Beyer mentioned that the Courier Review Project was also recently completed. Two out of three Couriers began selling scratch tickets and their processes for handling tickets and prize claiming were reviewed. Processes were very similar to how they handled the draw games, tickets are purchased in store on behalf of the player and digital images of the tickets are sent to the player.

- Deputy Director Beyer explained the risk assessment process, he stated that every year an annual risk assessment is done with every department in the agency. There are a variety of risk categories that IA score and there is a formula that calculates the risks ratings. He also stated that the high risks areas are not always going to be audited. Audits are based on the agency's needs. Deputy Director Beyer mentioned that the Lottery's IA department also works with OBM (Office of Budget and Management) IA, as well as get input from the Commission.

- Deputy Director Beyer stated that to date there are 25 issues in various stages of completion, and the most outstanding issue is from the Cashless Audit that is nearing completion.
- Deputy Director Beyer mentioned that the annual risk assessment process will begin the last week of March and run through the end of April. The audit plan will be developed based on the results from the assessment, also a survey will go out to the commissioners to get their input. Deputy Director Beyer also mentioned that OBM does their own internal audit risk assessment for the enterprise. OBM also involves Lottery leadership, IT and Finance throughout their process. OBM is forecasting to begin their process within the next two weeks as well as send out emails and surveys to agency partners by the beginning of April.

EXECUTIVE SESSION

- Commissioner Sweeney 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 §§149.433 and 117.26.
- The Audit Committee moved into Executive Session at 11:12 am.
- The Audit Committee moved out of Executive Session at 11:19 am.
- Deputy Director Beyer thanked Commissioner Sweeney for leading the Audit Committee Meeting. Deputy Director Jimmie Hicks, Responsible Gambling (RG), stated that the audit on RG Messaging was a welcomed audit, and that Auditor Samantha did a fantastic job pointing out the areas that needed improvements as well as protecting players.

ADJOURNMENT

- Commissioner Sweeney called for adjournment of the Meeting at 11:24am.



Mike DeWine, Governor

Jim Tressel, Lt. Governor

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Michelle Gillcrist, Director

X *Valerie Murphy*

Valerie Murphy
Administrative Professional 4

X *Angela Mingo*

[Angela Mingo \(Jun 13, 2025 14:27 EDT\)](#)

Madam Chair Angela Mingo
OLC Audit Committee


AC Meeting Minutes 03.12.2025

Final Audit Report

2025-06-13

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