



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**

**September 11, 2024
10:32 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
Charles LoPresti, Chief Legal Counsel, 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
Kelly Salomone, Chief Audit Executive, 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 September 11, 2024, was called to order by Madam Chair Angela Mingo at 10:32am. 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 June 24, 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.
- Madam Chair Mingo began by highlighting the outcomes of the 2024 Fiscal Year (FY) audits at the close of fiscal year 2024. 83% of the updated Audit Plan had been completed and it had been noted that this was above the 60% completion rate for FY 2023, and above the Internal Audit (IA) Department goal of 80%. Madam Chair Mingo commended the IA Department for going above and beyond what was accomplished in FY 2023.
- Madam Chair Mingo also acknowledged the Office of Budget and Management (OBM) for their continued support of the IA Department.

DRAFT GOVERNANCE DOCUMENTS

- Deputy Director Beyer started by outlining the activities of the FY 2024 IA Annual Report that have been completed over the past fiscal year, the number of projects that were undertaken, and the issue recommendations that were verified or closed. He also mentioned the risk assessment process that was used for developing the current year's fiscal plan, as well as outlined that process used to complete the external self-assessment that was completed in December 2023 along with the client satisfaction survey results.
- Deputy Director Beyer stated that 10 out of 12 audit projects were completed and there was an overall client satisfaction score of 95% from the projects. At the close of fiscal year 2024 there were 24 open issues and only four of those open issues were older than two years old.
- Madam Chair Mingo motioned to approve FY 2024 IA Annual Report, which was seconded by Commissioner Szollosi. Valerie took a voice vote, and all Audit Committee Members present affirmatively voted. The motion passed 3-0.
- Deputy Director Beyer mentioned that the Committee's Governance Documents had been updated and revised to be in conformance with the Institute of Internal Auditors (IIA) new Global Internal Audit Standards (GIAS). This included the Audit Committee Charter, the Internal Audit Charter, and the Audit Policy Manual. He also mentioned that the updates would go into effect January 2025.
- Deputy Director Beyer stated that there were some changes made to the responsibilities under the Audit Committee Charter. The Audit Committee would not be expected to have a more active role in communicating with the IA Department as well as with the Senior Management Team. This included identifying the appropriate authority, the role, the responsibilities, the scope, and services of the IA functions. The Audit Committee would also be more involved in discussions with IA management and senior management regarding essential conditions as described in the GIAS.
- Deputy Director Beyer stated that the IA Charter was somewhat different compared to previous Charters starting with the purpose and the commitment to adhere to the GIAS, and the authority and mandate section, which articulated the responsibilities of the IA function, including the reporting structure. The Lottery authorized the IA Department to have full access to all functions, data records, information, physical property, and personnel pertinent to carry out IA responsibilities.
- Deputy Director Beyer stated that the last Governance Document was the Policy Manual, and that it has changed significantly because it identified the new Global Standards. These new Standards are divided into five domains which contain 15 Principles.
- Deputy Director Beyer stated that the newest component of the Standards are topical requirements that are in place to ensure that all IA functions apply consistent audit methodology when assessing the effectiveness of governance, risk management, and the controls of a particular topical area.

- Madam Chair Mingo motioned to approve the Draft Governance Documents, Audit Committee Charter, 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 stated that the IA Department has had a productive start to FY 2025.
 - Proprietor Oversight - Sports Gaming has been completed; and
 - Contract - Mill James Drawing Transmission was in final reporting.
- Deputy Director Beyer mentioned that there were two objectives for the Sports Gaming Proprietors' Audit.
 - First, the Sports Gaming Proprietors complete and provide required reports in accordance with the guidelines established by the Lottery, the Ohio Casino Control Commission (OCCC), the Ohio Revised Code and the Ohio Administrative Code; and
 - Second, the Lottery required reporting requirements are aligned with OCCC requirements and are constructed so that they are efficient and effective for the Lottery and the Proprietors.
- Deputy Director Beyer stated that the Mills James Drawing Transmission – Contract Audit was in Final Reporting. The Payment Card Program and the Responsible Gambling (RG) Message Audits are in the Planning stage.
- Deputy Director Beyer gave a brief overview of the FY2025 Audit Plan:
 - Five Projects that have not started:
 - Cash Explosion Contestant Drawing
 - Software Licensing - **OBM**
 - Business Continuity Plan
 - Assurance Review - **OBM**
 - Complimentary User Entity Controls (CUEC'S)
 - Two that were in Fieldwork
 - Data Access and CPI
 - Annual Financial Audit
 - One that was in Reporting
 - Contract – Mills James Drawing Transmission
 - One that has been Completed
 - Proprietor Oversight – Sports Gaming
- Deputy Director Beyer mentioned that there are twenty-eight open issues that are being tracked by IA Department leadership. They are currently in various stages, and some are set to be completed before calendar year end.
- Deputy Director Beyer stated that the Lottery's Courier Project, completed in Spring 2024, had a recommendation to update the Lottery's Traditional Retailer's Terms and Conditions to include

Courier – specific language. Deputy Director Beyer participated in this process which after completion included a section which provides guidance to current and potential Lottery Couriers.

EXECUTIVE SESSION

- Madam Chair Mingo made a motion to move into Executive Session, for the purpose of considering security and infrastructure records required to be kept confidential by Ohio Revised Code §§149.433 and 117.26, which was seconded by Commissioner Szollosi. Valerie took a voice vote, and all Audit Committee Members affirmatively voted. The motion passed 3-0.
- The Audit Committee moved into Executive Session at 11:07am.
- The Audit Committee moved out of Executive Session at 11:21am.

NEW BUSINESS

- Deputy Director Beyer informed the Audit Committee that he would be attending the State Audit Committee Meeting later this month, where he would be presenting an update and overview of the Lottery’s Internal Audit Functions.
- Director Gilcrist commended Deputy Director Beyer on his recent certification of achievement and earning the designation of Certified Internal Auditor from the IIA.

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 (Dec 12, 2024 12:17 EST)

Valerie Murphy
Administrative Professional 4

X Angela Mingo
Angela Mingo (Dec 12, 2024 14:46 EST)

Madam Chair Angela Mingo
OLC Audit Committee


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Final Audit Report

2024-12-12

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