



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

Ohio Lottery 4th Floor Conference Rm 430/Microsoft Teams  
615 West Superior Avenue, Cleveland, Ohio 44113

March 13, 2024  
10:31 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, Executive 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  
Samantha Crites, Office of Internal Audit, Ohio Lottery Commission  
Brent Collier, Office of Internal Audit, Ohio Lottery Commission  
Joseph Volpi, Office of Internal Audit, Ohio Lottery Commission  
Kelly Salomone, Chief Audit Executive, Office of Budget and Management

### **CALL TO ORDER**

- The Ohio Lottery Commission's Audit Committee Meeting of March 13, 2024, was called to order by Madam Chair Angela Mingo at 10:31 a.m. The meeting was held both 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 December 13, 2023, which was seconded by Commissioner Szollosi. Valerie took a roll call vote, and all Audit Committee Members present affirmatively voted. The motion passed 3-0.

### **DEPUTY DIRECTOR, INTERNAL AUDIT REPORT**

- Deputy Director Beyer began with an overview of the past seven weeks that involved a cybersecurity incident that occurred in late December, which locked the Internal Audit (IA) team out of their primary software Teammate+ (TM+). The IA team worked around the system issues and focused on their continuing education with trainings, seminars and reviewing the new Global Internal Audit Standards published by the Institute of Internal Auditors (IIA). Once the Lottery's internal system was back up the Fleet Management Consulting Engagement was completed, and progress was made towards the completion of the Liability Deposit Program audit.

- Deputy Director Beyer stated that he was preparing for the annual risk assessment with his main focus being on the audit universe. He added that he would be meeting with the Deputy Directors over the next two months to discuss scoring.
- Deputy Director Beyer stated he had been working with Data Officer Michael Gonzalez, to export TM+ data from the system into a reporting KPI (Key Performance Indicator) Tableau.
- Deputy Director Beyer gave the following quarterly Audit Plan update:
  - Six projects were completed – Fixed Asset Inventory; Mills James Game Show Contract; Racino Regulator Operations; Fleet Management; Annual Financial Audit; and External Assessment
  - Three projects were in the planning phase – Claims – Excluded Players; Payroll; and Lottery Couriers
  - One project was in the field work phase – Assurance Review
  - One project was in the reporting phase – Liability Deposit Program
  - Two projects had not been started – Proprietor Oversight – Sports Gaming and Complimentary User Entity Controls
  - One project had been cancelled - Voluntary Exclusion Program – because of a significant change in the program.
- Deputy Director Beyer discussed the results of the Fleet Management Consulting Engagement and informed the committee that there were four key objectives:
  - First, to determine if the fleet management had been properly recorded and maintained data is accurate and efficiently.
  - Second, to conduct a cost benefit analysis of whether to lease or own fleet vehicles;
  - Third, to conduct a cost benefit analysis to determine if it would be cost effective to procure electric vehicles; and
  - Fourth, to review milage reimbursement and pool vehicle utilization rates.
- Deputy Director Beyer stated that about 8% of the data entries for the fleet vehicles were missing or inaccurate. Information has been captured when the Voyager credit card was being used for gas purchases and maintenance items. As a result of the engagement, six recommended needs were identified for General Services to improve the efficiency and overall operation of the program;
  - First, to record - maintenance and milage information;
  - Second, to have a Department of Administrative Services (DAS) certified fleet manager;
  - Third, to have a formal vehicle replacement policy;
  - Fourth, to draft a policy for staff to utilize pool vehicles when the vehicles are available;
  - Fifth, to create a new system to track and reserve pool vehicles; and
  - Sixth, to visit feasibility of electric vehicles in the future, because data collected was inconclusive due to lack of sufficient data to complete the study.
- Madam Chair Mingo asked about the expectation and time frame of the management team executing these six recommendations. Deputy Director Beyer stated that there was no expectation or time frame for implementation because consulting engagement recommendations were made to give insight into

how to improve operations. Follow-ups would be made during risk assessment meetings and throughout the year.

- Commissioner Szollosi asked if there currently was a written policy on vehicles reaching certain milage and what was the procedure to replace those vehicles. Director Gillcrist stated that it had been handled through DAS and our Department of General Services. Specifically, General Services kept documentation on all the vehicles and when the vehicles need repair or replacement they reach out to DAS.
- Deputy Director Beyer stated that the newest project was the review of the Lottery couriers that are operating within the state.
  - In January he began formalizing potential objectives with input from stakeholders within the Lottery including Sales, Product Innovations, Legal and Executive.
  - In February he started the engagement and reached out to the vendors to advise them of the audit, and to request documentation on key processes that were identified including procedures for:
    - Processing transactions;
    - Storing tickets;
    - Claiming process; and
    - Velocity controls and geofencing
  - After reviewing the documents, he would be scheduling phone meetings to discuss objectives and answer any questions for clarification. In-person meetings would also be scheduled to observe firsthand how everything is organized in all the retailers.
- Deputy Director Beyer stated the couriers have been very receptive to all requests and are looking forward to working with the Lottery.
- Deputy Director Beyer stated that the System and Organizational Controls (SOC) Report for Complimentary User Entity Controls (CUECs) may not be completed this year due to not having received Marcus Thomas SOC Report from 2023. The Proprietor Oversight – Sports Gaming would be the next audit to be assigned by the Spring to be completed in Fiscal Year 2025.
- Deputy Director identified two open issues that were overdue. The first, (the Mills James Game Show Contract Audit) has been discussed with the manager, and the second has been closed since the prior meeting.

## **OBM UPDATES**

- The Office of Budget and Management’s (OBM) Chief Executive Officer, Kelly Salomone stated that she was currently working on field work for the annual assurance provider review that would be conducted regarding the IA functions, which is a review that is done to make sure continued reliance on the IA department works.

## **EXECUTIVE SESSION**

- Madam Chair Mingo made a motion to move into Executive Session, which was seconded by Commissioner Sweeney, for the purpose of considering 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 11:03 a.m.
- The Audit Committee moved out of Executive Session at 11:13 a.m.

### **ADJOURNMENT**

- Madam Chair Mingo called for adjournment. Commission Sweeney made a motion to adjourn the meeting, which was seconded by Commission Szollosi. Valerie took a roll call vote, and all Audit Committee Members present affirmatively voted. The motion passed 3-0 and the Meeting was adjourned at 11:17 am.

X *Valerie Murphy*

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Valerie Murphy  
Administrative Professional 4

X *Angela Mingo*

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Madame Chair Angela Mingo  
OLC Audit Committee

# Meeting Minutes 03.13.2024

Final Audit Report

2024-06-24

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