



COMPLIANCE AUDIT MANUAL

DISCLAIMER

The Checklist is designed to assist auditors in performing and documenting the major considerations when performing a compliance audit in terms of Remote Gaming Regulations (RGR).

However, this checklist is not intended to be a substitute for the professional and ethical requirements of auditors. In fact, accredited auditors need to comply with inter alia:

- Remote Gaming Regulations, Subsidiary Legislation, Directives and other laws regulating the gaming industry in Malta ;
- Code of Ethics;
- Professional Standards;
- Companies Act [CAP 386];
- Prevention of Money Laundering Act [CAP 373];
- Prevention of Money Laundering and Funding of Terrorism Regulations [Subsidiary Legislation, CAP 373.01]; and
- Taxation legislation, amongst others.

This checklist is not exhaustive of all the procedures that should be performed. The auditor should utilise this Checklist in light of his or her professional judgment and the facts and circumstances involved in their setup and each particular Gaming Licensee. Auditors are encouraged to maintain their professional scepticism and develop other procedures to address the risks associated with the particular Licence, in line with professional standard requirements.

However, the procedures defined in this checklist are mandatory on each compliance audit.

INDEX

A Standing Information 4

B Human Resources..... 11

C Financial Analysis..... 12

D Public Domain 15

E Information Technology 18

F Gaming Operation 24

G Modification History 35

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

A Standing Information

	Procedure	Supporting working papers	Comment
Business Entity Information			
A.1	Build up the Licence Information Sheet from LGA records. Obtain also additional information considered necessary in the circumstances.		Meeting with LGA official Mr. XYZ, was held on DATE. Other than the standard Licence Information Sheet, the following information was also obtained: <ul style="list-style-type: none"> • Document 1 • Document 2 • Document 3
A.2	When performing the onsite visit and checks, list down instances whereby there were changes implemented by the Licensee which have not been notified to the Authority as required by RGR Section 11 (1-5) . <ol style="list-style-type: none"> Any change in the Board of Directors of management or; Any material changes in the documentation and information provided when applying for the licence; Any resolution / application or intended resolution / application to the Court for the dissolution or winding up of the Licensee; Transfer of a qualifying shareholding; Increase in a non qualifying shareholding so as to become a qualifying shareholding; Increase in a qualifying shareholding so as to cause it to equal to or exceed 5% of issued share capital or of voting rights or to cause it to become a subsidiary; A reduction in a qualifying shareholding to fall below 5% of issued share capital or voting rights; A reduction in a qualifying shareholding so as to cease to be a qualifying shareholding; The sale or other disposition by the Licensee of its business; The merger of the Licensee 		<ul style="list-style-type: none"> • Change in employees • Operating bank accounts number/s • Players' bank account number/s • Commercial bankers

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

	<p>with another company;</p> <p>k. The reduction of the nominal or issued share capital, the increase or reducing of the voting share capital or any material change in the voting rights;</p> <p>l. Entering into any profit sharing arrangements or a commission based arrangement with a third party;</p> <p>m. Surrender of the licence during the licence term.</p>																	
A.3	Obtain the Licensee's Certificate of incorporation and perform MFSA search for any statutory changes.		Evidence of MFSA search can be seen in Document A. No changes noted.															
A.4	Identify whether the company's main objects included in the Memorandum and Article of Association were changed. If so, indicate the changes. Inquire with the Key Official of the Licensee.		From discussions held with the Key Official and as per MFSA searches, there were no changes to the Memorandum and Articles of Association.															
A.5	Observe that the minimum paid-up issued share capital for the relevant licence class has been adhered to.		As per audited financial statements and as per MFSA search, the minimum paid-up share capital has been adhered to.															
A.6	<p>Obtain an understanding of the general findings and follow-up action taken by the Licensee issued on previous inspections, reviews, audits or other reports considered necessary carried out by LGA, compliance auditors, systems auditors, internal auditors, external auditors and others.</p> <p>Your procedures should include a review of the letter issued by the statutory auditor to those charged with governance.</p> <p>Complete Schedule Document B.</p>		<p>The Licensee was subject to the following visits:-</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Type</th> <th>Auditor</th> </tr> </thead> <tbody> <tr> <td>15/06/2009</td> <td>Systems Audit</td> <td>LGA</td> </tr> <tr> <td>17/04/2010</td> <td>Internal Audit – System review</td> <td>Consultancy Co Ltd</td> </tr> <tr> <td>15/02/2010</td> <td>Letter of comment</td> <td>ABC External Auditor</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date	Type	Auditor	15/06/2009	Systems Audit	LGA	17/04/2010	Internal Audit – System review	Consultancy Co Ltd	15/02/2010	Letter of comment	ABC External Auditor			
Date	Type	Auditor																
15/06/2009	Systems Audit	LGA																
17/04/2010	Internal Audit – System review	Consultancy Co Ltd																
15/02/2010	Letter of comment	ABC External Auditor																
A.7	Attach relevant copies of these reports.		Reports attached.															
Licence Terms and Conditions																		
A.8	Inspect any conditions issued with the licence and perform sufficient procedures to obtain assurance that such conditions have been fulfilled as required.																	

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

Additional Procedures Identified by the Auditor

A.9	Audit procedure #1		
-----	--------------------	--	--

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

A1 Licensee Information

		LGA Records	Actual Result
A1.1	Name / Company Registered Number	ABC Gaming Limited (C12345)	ABC Gaming Limited (C12345)
A1.2	Class Licence / (s) held	Class 4	Class 4
A1.3	Platform (if applicable)	N/A	N/A
A1.4	Licence Number	LGA/CLX/XXX/XXXX	LGA/CLX/XXX/XXXX
A1.5	Date of Licensee Formation	10 th August 2010	10 th August 2010
A1.6	Additional Licence / (s) (foreign jurisdictions)	N/A	N/A
A1.7	Registered Address	1, Brewery Street, Mriehel	1, Brewery Street, Mriehel
A1.8	Operating Address	15, South Street, Valletta	15, South Street, Valletta
A1.9	Contact Number / (s)	2112 3456	2112 3456
A1.10	Nature of Games Offered	Online lottery	Online lottery
A1.11	Front end System	KLM	KLM
A1.12	Back end System	XYZ	XYZ
A1.13	Website	www.abccgame.com	www.abccgame.com
A1.14	Board of Directors	Mr. Peter Portelli; Ms. Jane Farrugia; Mr. Giovanni Gatt;	Mr. Peter Portelli; Ms. Jane Farrugia; Mr. Giovanni Gatt (resigned on 23/09/2012);
A1.15	Secretary to the Board	Ms. Jane Farrugia	Ms. Jane Farrugia
A1.16	Key Official	Ms. Jane Farrugia	Ms. Jane Farrugia
A1.17	Money Laundering Reporting Officer	Mr. Peter Portelli	Mr. Peter Portelli
A1.18	Information Security Officer	Mr. Peter Portelli	Mr. Peter Portelli

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

A1.19	Number of employees (attach an updated organigram of the Licensee)	20 employees	18 employees
A1.20	Accountant	DFC Consultancy Limited	DFC Consultancy Limited
A1.21	Auditor Name and Address	ACP Auditors, High Street, Birkirkara	ACP Auditors, High Street, Birkirkara
A1.22	Legal Representative Name and Address	GG Advocates, Republic Street, Valletta	GG Advocates, Republic Street, Valletta
A1.23	Operating Account Number/ (s) and Name of Financial Institution / (s)	123-5678-999 – Bank of Valletta	123-5678-9989 – Bank of Valletta
A1.24	Players' Account Number / (s) and Name of Financial Institution / (s)	1221-199-000 – Bank of Valletta	1221-199-678 – Bank of Valletta
A1.25	Commercial Bankers	HSBC Bank of Valletta	HSBC Bank of Valletta Bank of Scotland
A1.26	Gaming Tax (Fourth Schedule)	Class 4	Class 4

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

A2 Previous Findings and Follow up Action

A2.1 LGA Review / Correspondence / Conditions

Date	Findings	Recommendation	Follow-up by Licensee	Issue resolved? (Yes/No)
13/10/2012	Tax due in respect of the previous month was not submitted by the 20 th day of the following month	To pay amounts due	Not Paid yet	No

A2.2 LGA Administrative Compliance (fines – penalties – taxation)

Date	Findings	Recommendation	Follow-up by Licensee	Issue resolved? (Yes/No)

A2.3 Systems Audit

Date	Findings	Recommendation	Follow-up by Licensee	Issue resolved? (Yes/No)

A2.4 Compliance Audit

Date	Findings	Recommendation	Follow-up by Licensee	Issue resolved? (Yes/No)

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

A3 Licensee Financial Stability,

	Procedure	Supporting working papers	Findings
A3.1	Identify the key ratios (profitability, liquidity, gearing on the last audited financial statements and on the latest management accounts submitted to the LGA for the preceding 12 months. Auditors to include disclaimer.		
A3.2	Inquire whether the Licensee has a mechanism to prepare management accounts.		
A3.3	Ask the Key Official for the player liability report of the last 3 months and reconcile with the related bank statements. Take into account any bank guarantee issued in favour of the Authority.		
A3.4	Observe that the company meets its commitment to players. Tests may include checking bank statements, tests on the 5 day payment cycle and response time to the LGA.		
A3.5	Carry out tests to obtain information on whether the company has failed in honouring its commitments with third party providers.		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

B Human Resources

	Procedure	Supporting working papers	Findings
Organisational Set-up			
B.1	Attach an updated organisational chart, detailing also the lines of responsibilities.		
B.2	Compare the number of employees with the latest FSS records.		
B.3	Compare the number of employees found on the payroll with the list of employees approved by LGA to work with the Licensee.		
B.4	Obtain a sample of employees' contracts to obtain assurance that relevant duty is in line with their level of authority.		
Key Official			
B.5	Inquire that the Key Official is approved by the Authority.		
B.6	Obtain confirmations through MFSA records that the Key Official is a director of the Licensee.		
B.7	<p>Inquire whether the Key Official is performing supervisory role in the operations of the Licensee.</p> <p>This can be seen through signatories on files, correspondence, access to the front / end back end of the gaming system, capability of extracting gaming reports and monthly gaming / tax reports to be submitted to the Lotteries and Gaming Authority, incident reporting, correspondence on complaints etc.</p> <p>RGR Section 15 (2).</p>		
Additional Procedures Identified by the Auditor			
B.8	Audit procedure #1		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

C Financial Analysis

	Procedure	Supporting working papers	Findings
Location of Records – Make Changes to Business Entity Form so that Documents may not be Held at the Registered Address			
C.1	<p>Observe correspondences held with LGA and observe that the remote gaming records are kept within the approved premises.</p> <p>Inquire that the latest financial statements are kept within the registered offices.</p> <p>Inquire that operational and financial policies and procedures are kept within the approved address and readily available. RGR Section 50 (a) – (d)</p>		
Management Accounts (internal use)			
C.2	<p>Observe that the Licensee has sufficient funds to cover player deposits (and jackpots if applicable) as per the Remote Gaming Regulations requirements working backward from date of audit for 3 months.</p>		
C.3	<p>Observe that the reconciliation procedures are being adhered to and in particular monthly report reconciling month-end balances of all players funds in the account's currency and in Euro, held in credit institutions and in transit, supported by credit institutions' and payment service providers' statements, with the month-end player liabilities, supported by a system report. This should also take into account any Jackpot funds if applicable.</p> <p>For example observe that the Licensee adheres to the monthly submission of:</p> <ul style="list-style-type: none"> • Player balance report; • Copies of bank statements. <p>Inquire any non-compliance considerations with the LGA in</p>		

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

	<p>this regard.</p> <p>Observe that the report submitted to the LGA is the same as extracted from the system.</p> <p>Inspect the accuracy of the player balance report.</p>		
C.4	<p>Observe that the gaming tax due calculation is appropriate and has been duly completed at each month end working backward from date of audit for 3 months.</p> <p>Considerations should be made to the expenses being deducted from turnover. Considerations should also be given to expenses being deducted from Gross Revenue to obtain Net Revenue in case of Class 3 operations.</p>		
C.5	<p>Indicate the accounting software used for the generation of accounts for internal purposes.</p>		
C.6	<p>How frequent are these management accounts prepared?</p>		
C.7	<p>Observe that these have been reviewed by the Board of Directors.</p>		
C.8	<p>Observe the last date of management accounts available for your review.</p>		
C.9	<p>Inquire on any key consideration that can be raised from analysing their budgets / business plans.</p>		
<p>Financial Statements (external use)</p>			
C.10	<p>From inspecting the audited financial statements (if applicable), observe that the minimum paid-up share capital has been adhered to:</p> <ul style="list-style-type: none"> • €100,000 for Class 1, Class 1 on 4, Class 2 and Class 2 on 4; • €40,000 for Class 3, Class 3 on 4 and Class 4; • Maximum requirement of €240,000 for a Licensee having multiple licenses. <p>If Financial Statements are not</p>		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

	yet available, obtain confirmation of such information with the MFSA.		
C.11	Observe that the Licensee submitted the interim financial statements within 30 days from the end of the half-year period (if applicable).		
C.12	Inquire with Licensee and with the LGA that the audited financial statements have been filed within 180 days from the financial year end of the Licensee. Indicate the date of the financial statements as found on the 'Statement of Financial Position' (if applicable).		
Additional Procedures Identified by the Auditor			
C.13	Audit procedure #1		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

D Public Domain

	Procedure	Supporting working papers	Findings
Website			
D.1	Observe that the website of the Licensee adheres to the criterion established in terms of RGR.		
Complaints			
D.2	Liaise with LGA to identify complaints lodged against the Licensee directly with the Authority.		
D.3	Inquire with the Key Official how the Licensee is implementing the compliants procedures and how these complaints are being resolved.		
D.4	Test that the contact details published on the website for submission of complaints are functioning (e.g. test complaints e-mail, chat , telephone etc).		
D.5	Obtain a list of the complaints handled by the Licensee. This list should include the nature of the complaint, date when the complaint was lodged, the person taking care of complaint, response time and whether the complaint was actually resolved.		
D.6	From the records being kept by the Licensee, observe that the Licensee has responded to the complainants or to the Authority with respect to complaints with the results of the inquiry within twenty-one days from the date of the lodgment of the complaint.		
Advertising			
D.7	Inquire with the Key Official whether the company has defined a Policy of Advertising and Promotion in line with the RGRs requirements and the Code of Conduct of Advertising.		

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

	RGR Section 60(1) and 60 (2)		
D.8	Observe how an advert is approved prior to being published.		
Additional Procedures Identified by the Auditor			
D.9	Audit procedure #1		

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

D1 Website Checklist

RGR Section 49 (a) – (h)

Requirement	Date of test	Complaint Yes / No	Remarks
a. The registered name of the Licensee's company.		YES / NO	
b. The address of the company's registered office.		YES / NO	
c. The official number and date of issue of the Licence.		YES / NO	
d. A statement that the licensee's operations are regulated by the Authority.		YES / NO	
e. Hyperlinks to the website of organisations specialised in helping problem gamblers and which are approved by the Authority.		YES / NO	
f. Hyperlinks to the rules of the games or betting offered and the procedures adopted by the Licensee for the registration of players. Hyperlinks to rules of the Games may not be on the homepage however are to be available to the player without registration.		YES / NO	
g. The kite-mark of the Authority which shall double up as a link to the Authority's website.		YES / NO	
h. Any other information that the Authority may deem necessary and expedient.		YES / NO	

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

E Information Technology

	Procedure	Supporting working papers	Findings
Logical Access Control			
E.1	<p>Obtain a copy of the System Access Control Policy from LGA, and observe whether these policies have been actually implemented in practice by designing and performing audit procedures thereto. Tests should include procedures on:</p> <ul style="list-style-type: none"> • Access rights level per job designation; • Controls in place for remote access connections; • Controls for access by third parties. 		
E.2	<p>Observe whether periodic checks are being carried out by the IT department or designated department to confirm that user list is commensurate with their job responsibilities.</p> <p>Observe the frequency of these checks and that they are in line with the policy established by the Licensee.</p>		
E.3	<p>From the user access list, observe the last five (5) system access requests and identify whether these have been authorised according to the requirements of the employee's job function. Observe whether the specified rights have been implemented on the system.</p>		
E.4	<p>Observe whether policies have been defined and possibly document on which audit trails / logs are to be kept with respect to databases.</p>		
E.5	<p>Additional audit procedures identified by the auditor.</p>		
Information Security Policy			
E.6	<p>Obtain the latest copy of the Information Security Policy from the Licensee and compare to the one submitted to the LGA, if applicable.</p>		
E.7	<p>Obtain a copy of the Information Security Policy implemented from LGA and observe whether these policies have been actually implemented in practice by designing tests, including observations:</p> <ul style="list-style-type: none"> • Safeguarding of data, applications, equipment, networks; • Data classification system; 		

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

	<ul style="list-style-type: none"> • Threat of viruses and intrusion; • Portable computers and media; • Disposal of media and equipment. 		
E.8	Inquire a number of employees whether they are aware of the Information Security Policy, unless it is signed by the employees.		
E.9	Observe that hardware, servers, equipment, on which the gaming system is residing, are protected from environmental hazard and unauthorised physical access. Identify how the Licensee addresses these hazards (eg CCTV, smoke, fire, humidity, UPS, emergency lighting, etc)		
E.10	Observe that the Licensee installed systems to protect the security of the premises where the control system, including CCTV, smoke, fire and access control.		
E.11	Inquire whether any disciplinary action has been taken against any employee or third party service partners who acted in violation of this policy.		
E.12	Inquire whether the Licensee obtained an independent review of the Licensee's information security and its implementation. Identify the date of this report, the reviewer and findings.		
E.13	Additional audit procedures identified by the auditor.		
Incident Response Policy			
E.14	Obtain a copy of the Incident Response Policy from LGA and observe that these policies have been actually implemented in practice by designing and performing audit procedures thereto.		
E.15	Inquire with Key Official whether the Licensee suffered any incident.		
E.16	Obtain a log of the incident activity and identify whether the Licensee has adhered to the procedures identified in his Incident Response Policy (including the necessary reporting by the Key Official to LGA).		
E.17	Inquire whether the review process is addressed and has been included into the next ISP.		
E.18	Additional audit procedures identified by the auditor.		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

Change Management Procedure			
E.19	Inquire the Change Control Management System in use and observe that changes have been approved. Request copies of records held by the Licensee to evidence changes in software, hardware, network configuration, any sealing required, etc.		
Service Agreement			
E.20	Obtain an understanding of the various contracts with business partners held by the Licensee in his business model including agreements for: <ul style="list-style-type: none"> a. Payment systems / gateways; b. Software provider agreements / agreements with platform provider; c. Contracts with related companies. 		
E.21	Inquire from the Licensee and the legal representative as to whether there were any arbitrary or legal proceedings resulting from these agreements? What is the operational effect of this on the Licensee?		
E.22	Corroborate the list of partners' contracts with the list of all debtors and creditors held on the accounting system.		
Business Continuity and Disaster Recovery			
E.23	Request a copy of the Business Continuity and Disaster Recovery Plan and compare to the one submitted to the LGA.		
E.24	Obtain a list of disruptive events that occurred at the Licensee detailing the nature of the event, time, contingency plan and whether this was escalated. Observe that the policies communicated to the LGA have been adhered to.		
E.25	Inquire for a list of routine tests performed by the Licensee with respect to recovery plans. What were the issues noted? How did the Licensee address these shortcomings?		
Back-up Policy			
E.26	Request a copy of the Back-up Policy plan and compare to the one submitted to the LGA.		
E.27	Obtain a copy of the Back-up Policy from LGA, and observe that these policies have been actually implemented in practice by designing		

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

	<p>and performing audit procedures thereto. Tests shall include audit procedures on:</p> <ul style="list-style-type: none"> • Back-ups and frequency of back-ups; • Types of back-ups; • Offsite storage of back-ups; • Media restore testing plan; • Back-up record system (including the list of back-ups taken). 		
E.28	Additional audit procedures identified by the auditor.		
System Architecture			
E.29	<p>Test objective: To confirm that the hardware specifications match those declared within the latest documentation submitted to the LGA</p> <p>a. Through visual inspections carried out at the data centre, observe that the type and model of the hardware on which the main / live database resides (indicated by the Operator as the server on which the main / live database resides), matches the type and model of the hardware specifications declared;</p> <p>b. Through visual inspections carried out at the data centre, observe that the type and model of the hardware on which the main backend application resides (indicated by the Operator as the server on which the main / live backend application resides), matches the type and model of the hardware specifications declared.</p> <p>c. Through visual inspections carried out at the data centre, observe that the type and model of the hardware on which the main / live web server resides (indicated by the Operator as the server on which the main / live web server resides), matches the type and model of the hardware specifications declared.</p> <p>In the unlikely circumstance that the Operator has more than 3 live databases, 3 main backend applications or 3 web servers, the auditor will limit the tests to at least 3 of each. These will be randomly selected.</p>		
E.30	Observe that the System uses a secure communication protocol as declared to the LGA during player registration, change of password, logon, play, deposits and withdrawals of funds.		
E.31	Observe that the Server clock is synchronised with a reputable source.		
E.32	Observe the transmission of data packets during		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

	registration, log in and game play and observe the location/s of game server.		
E.33	Observe whether the Licensee's systems are connected to the LGA's traffic monitoring system.		
E.34	Additional procedures identified by the auditor.		
Application Architecture			
E.35	<p>Test objective: To confirm that the versions of applications match those declared within the latest documentation submitted to the LGA</p> <p>a. Through a remote connection provided by the Operator observe that the version of the database (indicated by the Operator as the main / live database), matches the version declared.</p> <p>b. Through a remote connection provided by the Operator observe that the version of the main backend application (indicated by the Operator as the main / live backend application), matches the version declared.</p> <p>c. Through a remote connection provided by the Operator observe that the version of the web server (indicated by the Operator as the main / live web server), matches the version declared.</p> <p>In the unlikely circumstance that the Operator has more than 3 live databases, 3 main backend applications or 3 web servers the auditor will limit the tests to at least 3 of each. These will be randomly selected.</p>		
E.36	Additional procedures identified by the auditor.		
Network Infrastructure			
E.37	<p>Test objective: To confirm that the IP addresses of the machines within the network match those declared within the latest documentation submitted to the LGA</p> <p>a. Through a remote connection provided by the Operator observe that the database (indicated by the Operator as the main / live database) is residing on the server with the internal IP Address as declared.</p> <p>b. Through a remote connection provided by the Operator observe that the main backend application (indicated by the Operator as the main / live backend application), is residing on the server with the internal IP Address as declared.</p> <p>c. Through a remote connection provided by</p>		

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

	<p>the Operator observe that the web server (indicated by the Operator as the main / live web server), is residing on the server with the internal IP Address as declared.</p> <p>In the unlikely circumstance that the Operator has more than 3 live databases, 3 main backend applications or 3 web servers the sample should be at least 3 of each. These will be randomly selected.</p>		
E.38	Additional procedures identified by the auditor.		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

F Gaming Operation

	Procedure	Supporting working papers	Findings
User Management Policy			
F.1	Obtain a copy of the User Management Policy from LGA and observe that these policies have been actually implemented in practice by designing and performing audit procedures thereto. Tests should include procedures on: <ul style="list-style-type: none"> • Robust password management; • Access registration and deregistration. 		
F.2	Inquire with Key Official whether there were any changes in staff and test the procedure for deregistration.		
F.3	Carry out tests on the creation and deactivation of user accounts as per procedure.		
F.4	Are failed login attempts being monitored?		
F.5	Identify how player passwords and player credit card details are being processed and protected. Observe that users cannot see layer password and player credit card information.		
F.6	Additional procedures identified by the auditor.		
Terms and Conditions			
F.7	Obtain a copy of the latest Players' Terms and Conditions and observe that they contain clauses as per system documentation checklist.		
F.8	Observe that players are required to acknowledge their acceptance of the Terms and Conditions or amendments thereto before being allowed to play.		
F.9	Compare that the Terms and		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

	<p>Conditions upon registration are the same as those of the:</p> <ul style="list-style-type: none"> • Website; • Downloadable client; • Any other medium where applicable; 		
F.10	Additional audit procedures identified by the auditor.		
<p>Random Number Generator (RNG) – Not Applicable for Operators Hosted and Managed by a Class 4 Platform.</p>			
F.11	<p>Obtain a copy of the RNG test certificate from LGA, and observe:</p> <ul style="list-style-type: none"> • The brand and model of the RNG; • The hardware / software RNG. 		
F.12	Observe that the RNG testing by the independent lab was performed on the implemented RNG.		
F.13	Inquire the Key Official whether periodic checks are undertaken to verify that this RNG is operating effectively. Obtain a log of these tests performed by the Licensee.		
F.14	Inquire the Key Official whether there was any further correspondence held with the EEA based testing lab that may affect the test certificate issued by the relevant lab.		
F.15	Additional audit procedures identified by the auditor.		
<p>Gaming System and Related Procedures</p>			
F.16	<p>Obtain a copy of the Specification of the Gaming System Document and related procedures from LGA and observe that this gaming system has been actually implemented in practice by designing and performing audit procedures thereto. Tests should include procedures on:</p> <ul style="list-style-type: none"> • Game risk management for the relevant class licence; • Collusion management and 		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

	<p>monitoring;</p> <ul style="list-style-type: none"> • Chip-dumping monitoring. 		
F.17	<p>Observe that the nature of the games being offered by the Licensee are in line with the Licence Class granted by LGA.</p>		
F.18	<p>Observe that audit trails of all games are maintained.</p>		
F.19	<p>Observe that players are duly registered when the following information is collected:</p> <ul style="list-style-type: none"> a. Date of birth; b. Identity (name and surname); c. Place of residence; d. Valid e-mail address. <p>Observe that a player's account is maintained for each individual player.</p> <p>Observe that all personal data is kept congruent and secure. If any players' credit card numbers are maintained, inquire PCI DSS compliance evidence.</p>		
F.20	<p>Perform tests to observe that:</p> <ul style="list-style-type: none"> a. Simultaneous player logon to the system is not allowed; b. Players are automatically logged off after a specified period of inactivity; c. The system does not allow players to save logon credentials; d. The system locks a player's account after a specified number of failed logon attempts; 		
F.21	<p>Perform test to observe that the system:</p> <ul style="list-style-type: none"> a. Only accepts a minimum of 6 alphanumeric characters. (For avoidance of doubts, alphanumeric may include special characters) in the passwords; b. Asks players to input passwords twice for the purpose of confirmation on registration or change of password; c. Passwords are stored in hashed format; 		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

	<p>d. Players are obliged to change the password provided by the system on first logon;</p> <p>e. Provides a lost password procedure for the purpose of recovering a lost password or providing a new one;</p> <p>f. The password cannot be identical to the username.</p>		
F.22	<p>Inquire that there is a procedure to identify accounts inactive for 30 months.</p> <p>Inquire that there is a procedure that any remaining balances on the inactive accounts are forwarded to the LGA. This should include a list of players' details with the respective balances.</p>		
F.23	<p>Observe that the Gaming System maintains the following information on each Players' Activity:</p> <p>a. Logon and logoff times;</p> <p>b. Gaming activity history;</p> <p>c. Games played;</p> <p>d. The time the game began as recorded on the games sever;</p> <p>e. The balance on the players' account at the start of the bet / game;</p> <p>f. The time the stakes were placed on the game;</p> <p>g. The bet / game status (in progress, complete etc);</p> <p>h. The result of the bet / game;</p> <p>i. The time the game ended;</p> <p>j. The amount won or lost for each bet / game;</p> <p>k. The balance on the player's account at the end of the bet / game;</p> <p>l. The unique game ID.</p>		
F.24	<p>Observe that the Gaming System records the following players' financial transactions adequately:</p> <p>a. Date, payment origin and amount of each deposit;</p> <p>b. Date, payment destination and amount of each withdrawal;</p> <p>c. Bonus for which a player qualified, bonus amount, dates when the bonus was played and amount played. The system should be able to</p>		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

	distinguish between cash-able and non cash-able bonuses.		
F.25	<p>Observe that the Gaming Systems has only dealt with the amount standing to the credit of a player account as follows:</p> <ul style="list-style-type: none"> a. Funds from or on behalf of the player or won should be credited to this account; b. Funds wagered should be debited to this account. The systems should not accept wagers in excess of the funds available in the account; c. Any bank charges. 		
F.26	Perform tests to observe that all bets / games available to players, display at all times on the screen an automatically updatable counter showing player's account balance.		
F.27	Observe that amounts displayed relating to wagers and winnings are quoted in the currency symbol that the player is playing with.		
F.28	<p>Observe that the following information is readily available to the player on screen, downloadable and printable:</p> <ul style="list-style-type: none"> a. Gaming & financial transaction history; b. Name of each game, rules of the game, restrictions on play, instructions to play, payable for all prizes and special features; c. Player's current account balance; d. Unit and total bets permitted. 		
F.29	<p>Perform tests to observe that the gaming system provides players with all the required player self protection mechanisms as follows:</p> <ul style="list-style-type: none"> a. An option for players to set a limit on the amount that may be wagered within a specified period of time; b. An option for players to set a limit on the losses that may be incurred with a specified period of time; c. An option for players to set a 		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

	<p>limit on the amount of time that may be played in any one session;</p> <p>d. An option for players to exclude themselves definitely or indefinitely;</p> <p>e. Players who have self-imposed limits or exclusions the functionality to increase or revoke a limit, or revoking the exclusion or decreasing exclusion limits, however only after seven days after such notice has been received;</p> <p>f. Players who have self-imposed limits or exclusions the means to reduce limits and increase the exclusion period immediately after such notice has been received;</p> <p>g. Not accept a wager from a player contrary to a limit or exclusion set by players;</p> <p>h. Exclude from marketing mailing lists any players that have opted to self-impose limit / exclusions, until such limits / exclusions apply.</p>		
F.30	<p>Perform tests to observe that the gaming system provides players an automatic reality check that:</p> <p>a. Suspend play, at intervals of one hour;</p> <p>b. Clearly indicate for how long the player has been playing;</p> <p>c. Clearly display the player's winning / losses during such period of time;</p> <p>d. Require the player to confirm that the reality check message was read;</p> <p>e. Give the option to a player to either end the session or resume playing.</p>		
F.31	<p>Perform tests on a sample of games available to players to assess the procedure with respect to Aborted and Miscarried Games as follows:</p> <p>a. A player whose participation in a game is, after wagering, interrupted by a failure of the telecommunications system or a failure of the player's computer system that prevents the player from continuing the game, to resume, on the</p>		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

	<p>restoration of the system, his or her participation in the game that was interrupted as at the time immediately before the interruption;</p> <p>b. If the gaming system does not enable a player to continue, after the restoration of the system, with a game interrupted by a failure of the telecommunications system or the player's computer system, the System should ensure that the game is terminated;</p> <p>c. If gaming system does not enable a player to continue, after the restoration of the system, with a game interrupted by a failure of the telecommunications system or the player's computer system, the amount of the wager should be refunded to the player;</p> <p>d. If a game is started but miscarries because of a failure of the operating system, refund the wagered amount and any accrued credit either directly to his account or else in an approved manner.</p>		
F.32	Observe that full screen games display a real clock at all time and give the players the option to easily exit the game at all times.		
F.33	Observe that if the Licensee is offering players games regulated by multiple jurisdictions, the players are adequately informed of a change in jurisdiction upon entering and exiting games regulated by the LGA.		
F.34	Inquire procedures of players transfer in line with "Buddy Transfer".		
F.35	<p>Observe (through a sample of games) that a bet:</p> <p>a. Cannot be placed after the start of the game (excluding in-play betting);</p> <p>b. Cannot be deleted after a game has started (or after an agreed period of time).</p>		
F.36	Class 2 and Betting Exchanges-Observe an Event Creation,		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

	Amendment, Closure, and Cancellation. Observe the process from the point at which an event is identified, created, amended closed or cancelled.		
F.37	<p>Class 2 - Inquire the process by which odds are determined:</p> <ul style="list-style-type: none"> • Reference to other sites; • Employees knowledge and competence; • Statistics. 		
F.38	<p>Class 2 Exposure – Observe that the system is able to produce real-time information that shows the total exposure at any point in time for each individual event.</p> <p>If hedging is carried out, the information should include such figures.</p>		
F.39	<p>Class 2 – Observe that the system allows for the setting of exposure limit on the market for the setting of Odds Compilation.</p> <p>Observe whether the operator interfaces with Odds Provision Services or have other tools in place to analyse odds offered.</p> <p>Observe that the system allows for the setting of exposure limit on a particular event / players through:</p> <ul style="list-style-type: none"> • Maximum bet limit; • Maximum winning limit. 		
F.40	<p>Class 2 Live Betting / In-play betting - Observe odds changing and updating of websites. Inquire the process and controls that are present within the system.</p>		
F.41	<p>Class 2 Bet Settlement – Observe controls in place for results inputting:</p> <ul style="list-style-type: none"> • Reference to other sites; • Employees knowledge and competence; • Time lapse for the publishing and settlement of bets; • Third party sourcing. 		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

F.42	<p>Observe that the Back-Office application maintains gaming activity history and has both set and ad-hoc reporting functionality: such as (third schedule):</p> <ul style="list-style-type: none"> • Large wins; • Gaming tax calculation; • Financial statements of gaming transactions; • Changes to game parameters; • Deposits / withdrawals in excess of the amount stipulated in Regulation 36. 		
F.43	<p>Inquire that the system excludes from marketing mailing lists any players that have opted to self-impose limit / exclusions, until such limits / exclusions apply.</p>		
Back-end Security			
F.44	<p>Observe that the back-end system automatically logs-off the user after a specified period of inactivity based on the operating environment.</p>		
F.45	<p>Perform test to observe that the system:</p> <ol style="list-style-type: none"> a. Only accepts a minimum of 8 alphanumeric and special characters passwords; b. Passwords are stored in hashed format; c. Oblige users to change the password provided by the system on first logon; d. Provide a lost password procedure; e. Observe that the password cannot be identical to the username. 		
F.46	<p>Observe that proper connection controls are in place for remote access.</p>		
F.47	<p>Inquire that need to know and least privilege concepts can be applied.</p>		
F.48	<p>Additional audit procedures identified by the auditor.</p>		

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

Fraud Management Procedure			
F.49	<p>Observe that the player registration procedure identified in the procedure have actually been adhered to in practice. Perform a number of dummy registrations to observe this:</p> <p>a. Observe that players with the main identical required details are not allowed to register (For this purpose, white space should not be taken into consideration).</p> <p>b. Observe that the same e-mail is not utilised twice.</p> <p>c. Observe that a player cannot play before an e-mail address is verified.</p>		
F.50	<p>Observe that the system does not allow players below the age of eighteen to register in the system. Perform control checks thereto.</p>		
F.51	<p>Test a sample of the players' e-mail address verification process implemented by the Licensee to observe validity of e-mail addresses through a registration of a dummy account.</p>		
F.52	<p>Obtain a sample of how the Licensee carried out the due diligence and enhanced due diligence exercise on the players.</p> <p>Observe that the players' database stores the identity verification status of each player.</p>		
F.53	<p>Obtain a log of the tests carried out by the Licensee for the purpose of detecting money-laundering activities.</p>		
F.54	<p>Inquire whether there are internal reporting procedures in place to ensure that any suspicious money-laundering activity is reported to the FIAU.</p>		
F.55	<p>Take a sample of player withdrawals and observe what procedures were implemented by the Licensee to verify the identity of players (on cumulative withdrawals of €2,330).</p>		

Name of Licensee
 Performed by
 Date

Licensee Number
 Reviewed by
 Date

	Obtain explanations for any variations noted.		
F.56	Take a sample of player withdrawals and observe that the Licensee remitted withdrawals to the same account from which funds originated. Obtain explanations for any variations noted.		
F.57	Observe that players with Closed Player Accounts are not allowed to logon.		
F.58	Inquire the Key Official whether there were any instances whereby cash deposits / withdrawals have been made for payouts. If so identify the nature of this situation and include necessary details on the case/s.		
F.59	Inquire that fraud management procedures are in place and are being adhered to: <ul style="list-style-type: none"> • Obtain an understanding of what controls are in place; • Are IP addresses stored; • Is a geo-location system used; • Potential duplicate players identified; • Same household / same IP restrictions; • Same credit card but different player; • Same player but different credit cards; • Consistency in IP location. 		
Additional Procedures Identified by the Auditor			
F.60	Audit procedure #1		

Name of Licensee
Performed by
Date

Licensee Number
Reviewed by
Date

G Modification History

Revision Date	Version	Description of Revision
1 st November 2012	November 2012	First version for release.