



# OAG

Office of the Auditor General

## Report Summary

### *Performance Audit*

### *Michigan Gaming Control Board (MGCB)*

### *Department of Treasury*

**Report Number:**  
**271-0900-15**

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MGCB was created by Public Act 69 of 1997 to license, regulate, and enforce the system of casino gambling in the three commercial casinos. MGCB also has oversight authority over compliance with the tribal and State gaming compact provisions for the 12 Native American tribes operating 23 tribal casinos in the State. In addition, in June 2012, MGCB was given licensing, oversight, and enforcement responsibilities with regard to charitable gaming.

Audit Objective			Conclusion
Objective #1: To assess the sufficiency of MGCB's regulatory and enforcement activities for charitable gaming and the three commercial casinos in Detroit.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MGCB did not appropriately license 9% of the individuals we reviewed who supervised gaming activities at 2 of the 3 Detroit commercial casinos ( <u>Finding #1</u> ).		X	Disagrees
MGCB should update its Minimum Internal Control Standards (MICS) to reflect changes that have occurred in the commercial gaming industry since implementation of these standards in 1999. In addition, MGCB did not develop procedures to monitor compliance with certain required internal control standards. We noted that procedures were not developed for 22% of MICS ( <u>Finding #2</u> ).		X	Disagrees

<b>Findings Related to This Audit Objective (Continued)</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
MGCB did not always complete compliance monitoring inspections at the required intervals and frequencies. This impacts MGCB's ability to identify noncompliance and the casino's ability to correct it in a timely manner. We noted that 14% of required quarterly monitoring inspections were not completed for the two quarters covering the period October 2014 through March 2015 ( <u>Finding #3</u> ).		X	Agrees

<b>Audit Objective</b>			<b>Conclusion</b>
Objective #2: To assess the sufficiency of MGCB's monitoring activities for tribal gaming to ensure compliance with tribal and State gaming compacts, federal law, and related consent judgments.			Sufficient
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
None reported.	Not applicable	Not applicable	Not applicable

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: [www.audgen.michigan.gov](http://www.audgen.michigan.gov)

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