



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
EAST LANSING

RICHARD S. KALM
EXECUTIVE DIRECTOR

September 20, 2007

Mr. Michael Moody, Director
DMB Office of Financial Management
George W. Romney Building
111 South Capitol Avenue, 7th Floor
Lansing, MI 48909

Re: Performance Audit of the Michigan Gaming Control Board

Dear Mr. Moody:

Attached is the preliminary version of the formal response for the Office of Auditor General Audit Report for Treasury - Michigan Gaming Control Board (#271-0900-06). The response is of the format prescribed in the Department of Management and Budget Administrative Guide procedure 1280.02. Please contact me if you have questions or would like additional information.

Sincerely,

Signature Redacted

Thomas A. Barker
Deputy Director of Administration

**MICHIGAN GAMING CONTROL BOARD
MICHIGAN DEPARTMENT OF TREASURY
Audit Response Summary
Period Covered January 1, 2004 through August 4, 2006**

1. CITATIONS COMPLETELY COMPLIED WITH

None

2. CITATIONS THE AGENCY AGREES WITH AND WILL COMPLY WITH

RECOMMENDATION FROM FINDING #1

We recommend that MGCB complete compliance audits and issue audit reports to commercial casinos.

The MGCB agrees and has completed 12 of the 14 audits at this time. The remaining audits will be completed by the end of 2007. There are no budget considerations.

RECOMMENDATION FROM FINDING #2

We recommend that MGCB continue to develop procedures to monitor the Detroit commercial casinos' compliance with all internal control standards presented in Michigan's MICS.

The MGCB agrees and has developed monitoring procedures for the internal control standards. The procedures are in a test phase at the present time and will be 'production' by the end of 2007. There are no budget considerations.

RECOMMENDATION FROM FINDING #3

We recommend that MGCB enhance its gaming lab controls by conducting periodic reviews of the evaluations completed by its gaming lab engineers.

MGCB agrees and the controls are being developed. MGCB plans on implementation of the controls by the end of the fourth quarter of 2007. There are no budget considerations.

RECOMMENDATION FROM FINDING #4

We recommend that MGCB effectively complete tribal gaming compliance inspections and review tribal criminal background checks. We also recommend that MGCB improve the effectiveness of its periodic on-site audits.

The MGCB agrees and has completed all tribal background checks. The MGCB is completing the monthly walk-thru compliance inspections and quarterly slot machine inspections. The MGCB has completed the scheduled audits for the summer of 2007. The MGCB is now initiating the new attestation audit reports provided by the tribes, which voluntarily participate in this time saving plan. The MGCB hopes to have five tribes participating by the end of 2008. However, with the addition of four new tribal casinos in the very near future the ability of the MGCB to maintain a satisfactory level of compliance inspections and background checks with current staffing levels is doubtful. There is a budget consideration that future staff will be needed to complete this recommendation.

RECOMMENDATION FROM FINDING #5

We recommend that MGCB obtain audited tribal financial reports prepared annually by independent certified public accounting firms for all Native American tribes.

The MGCB agrees and is obtaining those records as the tribes are audited. Quite possibly this issue will go to Dispute Resolution before all tribes comply. There are no budget considerations

3. CITATIONS THE AGENCY DISAGREES WITH

None

Prepared by:

Thomas Barker
Deputy Director of Administration
Michigan Gaming Control Board