Probity checks and Compliance

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NAME OF PROGRAMME:

AUDIT & SYSTEMS DEPARTMENT
1. Mandate

2. Background

3. Purpose of the Compliance Audits

4. Audit Process

5. Probity Checks
As the statutory body established in terms of section 3 of the North West Gambling Act, 2001 (Act No. 2 of 2001), as amended “Act”, the North West Gambling Board “NWGB” is established to regulate the gambling industry in the North West Province of South Africa “the Province”.

Among its powers and functions provided for in the Act, the Board has a mandate to:

1. oversee gambling activities in the Province
2. make rules and regulations governing the licensing, conduct and operation of any gambling activity or business
3. Determine minimum Internal Control Systems for the license holders, including accounting and reporting procedures
4. Collect and administer in accordance with the provisions of the Act, levies and fees imposed by or under the Act.
The compliance audits performed by the NWGB are:

1. Conducted in line with the North West Gambling Act, Rules and Regulations, the license conditions imposed by the NWGB, National Gambling Act and any other applicable legislation (e.g. Broad Based Black Economic Empowerment Act “BBBEE”, Financial Intelligence Centre Act “FICA”)

2. Informed by the following two, among others, of our Strategic Objectives:
   
   a) Improve efficiencies in the regulation of all forms of gambling

   a) Monitor and Enforce Compliance with Broad Based Black Economic Empowerment Act in the gambling industry
Based on the above enabling or empowering provisions, we have structured our compliance audits to address the following focus areas:

1. To provide assurance that the electronic monitoring systems and peripheral gaming systems used by the licensees are reliable and functioning in accordance with the gambling legislative requirements.
2. To provide assurance that Gambling revenue and levies are accurately calculated, paid timeously and in accordance with the gambling legislative requirements.
3. To provide assurance that licensees maintain a level of continual financial viability and comply with legislative requirements.
4. To provide assurance that the Licensees comply with the Codes of Good Practice as enshrined in the BBBEE Act.
5. To provide assurance that the licensees have adopted and apply codes of governance principles as laid out in King III report.
Our compliance audits are conducted on quarterly and annual basis, and the following process is followed:

1. We send out the engagement letters to our licensees in advance notifying them about the scope of the audit and the dates in which the audits are to be conducted.
2. We hold the entrance meetings with the licensees to discuss the scope and the audit process.
3. We execute the audits in line with our scope.
4. At the end of the audit we hold the exit meetings with the licensees to discuss the outcomes of the audit and issue the draft audit report.
5. We provide the licensees the duration of seven (7) working days to give the management comments in cases where the audit findings have been identified and reported.
Once the audit cycle is completed and all the licensees are audited, we do the following:

1. We evaluate all the management comments submitted by the licensees.
2. We compile a consolidated draft audit report which summarizes the audit findings and the management comments.
3. We recommend the sanctions for each audit finding raised (if any).
4. We table the consolidated draft report including the recommended sanctions to the Executive Committee “EXCO” of the NWGB for consideration and approval.
5. Upon the approval of the report by the EXCO, we compile the final reports for distribution to the licensees.
6. In cases where there are material audit findings, we elevate them to the Compliance Committee of the NWGB.
7. The Compliance hearings will then be held with the licensees whereby the Compliance Committee will make determinations based on the representations made by both the management of the Board and the licensee.
When the new audit cycle begins we perform the following:

1. Follow up on the previous audit findings to ensure that the corrective measures have been put in place to avoid further recurrence.
2. We also compile compliance status report for all the licensees which covers a period of four (4) quarters
3. The Compliance status report serves the following:

a) It summarises the audit findings reported over the four quarter period per legislation, department (of the licensee) and gambling mode
b) It tracks the progress made over period by the licensees in minimizing the issues of non-compliance.
c) The licensees are able to see how the fare in comparison to other licensees in relation to issues of non compliance.
1. Corporate and Individual probity checks

1.1 Corporate probity checks

   a) Applications for licenses by the Applicants
   b) Publication of the notice in the Government Gazette, local and national newspapers
   c) Thorough investigation of the application is conducted
   d) If the application meets all necessary requirements (and no objections are made), the due process for the approval is followed.
   e) Receipt of objections to the application
   f) The applicant will be informed about the objections within 7 days and be requested to respond to the objections
g) The objector will also be given the responses from the applicant within 7 days.

h) Public hearings will be scheduled and the notice made in Government Gazette, local and national newspapers.

i) The applicant and the objector will be invited to elaborate on the representation made regarding the application.

j) Once the public hearings are done, the Board will objectively determine the facts and draw conclusions.

k) If the application meets all necessary requirements, the due process for the approval is followed.
1.2 Individual probity checks

a) Applications for the registration certificates are made

b) The temporary certificates are issued within 4 days

c) Thorough investigation of the application is conducted

d) If the application meets all necessary requirements, the due process for the approval is followed.
THANK YOU