

02 May 2025

The Malta Gaming Authority (hereinafter referred to as the 'MGA' or the 'Authority') is currently undertaking a series of enhancements to its processes to ensure that these remain effective. In this light, the MGA is communicating recent changes to the **System Audit**, **System Review** and **Compliance Audit** processes.

1.0 Clarification on the Regulatory Update issued on 27 May 2024

On 27 May 2024 the MGA issued a Regulatory Update regarding [Updates made to Audits/Reviews Processes](#) (hereinafter the 'Regulatory Update'). Following feedback received from External Audit Service Providers (hereinafter the 'External Auditors') and identified best practices, the Authority is hereby issuing a clarification to the Regulatory Update, as follows:

1.1 System Audits

The appointed External Auditor is required to submit the completed report electronically through our portal no later than sixty (60) days from the date of the Letter of Engagement. Should the Approved Service Provider identify any instances of non-compliance during this review period, the Licensee may be notified and may request an extension of the deadline by an additional sixty (60) days. During this extended period, the Licensee is strongly encouraged to address and rectify any identified issues within their documentation and/or systems. In such circumstances, the Approved Service Provider must conduct a re-audit of the identified issues and appropriately mark them as 'Resolved' in the System Audit Report. It is important to note that the Authority retains the right to reject a System Audit Report due to a significant number of non-compliances related to the Licensee.

1.2 System Reviews and Compliance Audits

1.2.1 Non-Compliances resolved during the Audit Period

The Regulatory Update outlined the new status changes, as well as the obligation for the appointed External Auditor to identify instances of non-compliance and notify the Licensee. The External Auditor is to record how the Licensee addresses and rectifies these identified issues within its policies and procedures and/or systems throughout the Audit period. These checks are to be audited again, to ensure that these can be marked as 'Resolved at Audit Stage'. Alternatively, 'Partially Compliant' status can be used if an audit check is found to be partially compliant with the Regulations. For the latter, a detailed plan needs to be uploaded as part of the finalised Audit Report submissions, which is to include target completion dates on how the Licensee plans to rectify 'Partially Compliant' findings.

The Licensee, through its External Auditor, may request a one-time extension of the Audit deadline to resolve and re-audit the identified systems and/or documentation issues. The approval of such a request for such an extension is at the Authority's discretion. It must be accompanied with a summary of the issue(s), and a detailed plan of rectification. The timeframe for the extension shall be determined by the Authority. Extensions are granted under strict criteria and are intended to ensure thorough compliance.

1.2.2 Non-Compliance not resolved during the Audit Period

Where extensions outlined under 1.1 above are not granted by the Authority, and where Non-Compliances identified by the External Auditors are not resolved during the Audit Period, a detailed plan needs to be uploaded as part of the finalised Audit Report submissions, which is to include target completion dates on how the Licensee plans to rectify any Non-Compliance.

2.0 Submission of the Audit Report and related evidence

2.1 *SharePoint Virtual Data Room ('VDR')*

In order to ensure standardisation of submissions made throughout the Audit fieldwork, the Authority has implemented changes within the SharePoint VDR space.

Going forward, to improve the organisation and ease of location of the evidence submitted, separate folders have been created for the External Auditor to upload documentation to the correct folder, depending on the type of audit being conducted:

1. System Audits Folder
 2. System Reviews Folder
 3. Compliance Audits Folder
- Issued Audits Folder

Additionally, the Authority has renamed the "Issued Audits" folder to "Issued Audits – Documents shared by the MGA." This folder will contain documents that the Authority has on record on the Authorised Person, such as corporate information and other relevant information.

- Evidence Folder Structure

The Evidence folder now has a nested-folder-structured format reflecting the different sections to be covered by the Audit (e.g., 1.1, 1.2, etc.) wherein External Auditors are required to submit the evidence for all checks within the relevant checklist into the respective numbered folders.

2.2 Quality of the External Auditor Audit Report

Whilst aiming to facilitate the collation of documentary evidence, the External Auditors are being requested to reference the document/screenshot file name relevant to each check within the Audit Report. In addition, within the Audit Report itself, External Auditors are required to provide an explanation why the document in question is deemed to be sufficient and conclusive. Failure of the Licensee to provide sufficient evidence will result in the check to be deemed as 'Non-Compliant', until proof can be provided otherwise.

Policies and Procedures are to be assessed in line with the corresponding System Documentation Checklist requirements, and non-compliances with such requirements are to be denoted within the Audit Report.

It is important to note that the Authority retains the right to return an Audit Report if the evidence is not submitted in the structure requested by the Authority. In furtherance, the Authority retains the right to reject an Audit Report if it is unable to arrive at a conclusive review outcome due to the quality level of the report and related evidence submitted to the

Authority and would in such circumstance request the Licensee to carry out the audit once again.

3.0 Audit Period Deadlines

The Authority expects all Licensees and their External Auditors to meet the defined Audit Period deadlines. Requests for extensions are evaluated on a case-by-case basis and will be considered at the Authority's discretion, the timeframe of which shall be determined by the Authority. Meeting the required deadlines enables an efficient audit process, reflecting a collaborative commitment to quality outcomes.

4.0 Way Forward

All audits initiated **following the date of this publication** shall be in line with the contents herein. This notwithstanding, those External Auditors who have already been updated directly by the Authority to adopt this methodology before the commencement of a currently ongoing audit are kindly requested to follow the instruction accordingly.

The Authority shall continue to assess the efficiency and effectiveness of its processes and shall seek to improve these in line with feedback received, lessons learnt and identified best practices.

We appreciate the continued cooperation and collaboration. Should further clarification be required, please do not hesitate to reach out to authorisationstech.mga@mga.org.mt in relation to Systems Audits and Systems Reviews, and to compliance.mga@mga.org.mt in relation to Compliance Audits.