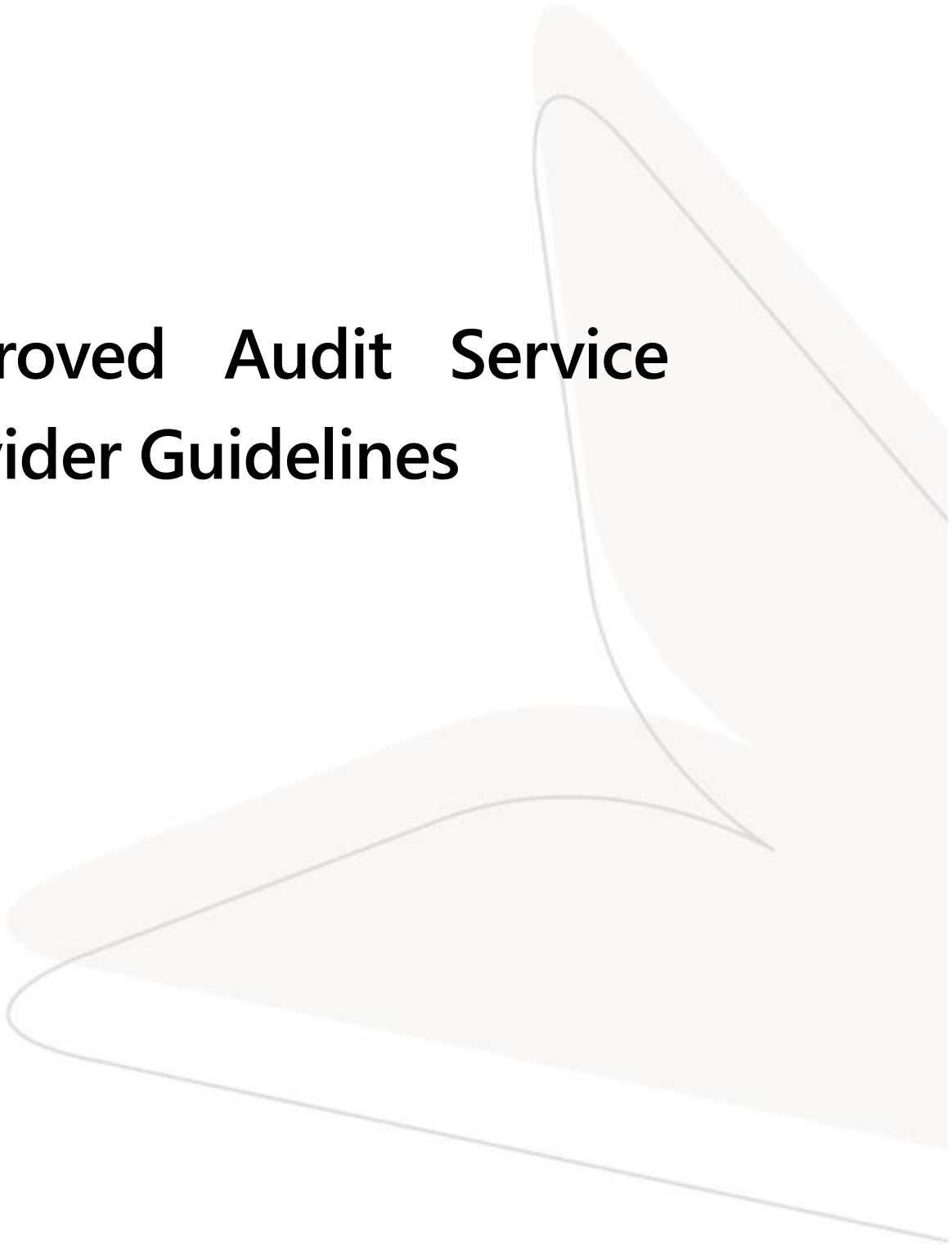


Approved Audit Service Provider Guidelines



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1 Approved Audit Service Provider Guidelines

These Guidelines apply to:

- Any company and/ or partnership that is applying for an approval and, or holds an authorisation, to act as an approved Service Provider; and
- Any individual person employed with the Service Provider that is applying for an approval and, or holds an authorisation, to act as approved lead auditor.

Service Providers interested in performing Systems and/ or Compliance Audits may apply to the Malta Gaming Authority (hereinafter the 'MGA') for their suitability to be assessed. Operators licensed by the MGA may engage any approved Service Provider of their choice, on free commercial terms, when a system and/or compliance review of their operations is required by the Authority. The audits hereby being referred to are:

- Systems Audit, which is carried out as part of the MGA licensee on-boarding process or when deemed necessary by the MGA; and
- Compliance Audit of licensed operators, which is carried out throughout the licensed period as required by the MGA.

2 Requirements of an entity to act as an approved Service Provider

A Service Provider shall fill in the application form and submit the necessary documentation to apply for the necessary approval:

- Audit Service Provider Application Form;
- Satisfy the Audit Service Provider requirements;
- Ensure that at all times two or more partners or directors or not less than one partner or director and one lead auditor, hold an authorisation to act as approved auditors;
- Ensure that at all times approved auditors in the aggregate hold a financial and IT qualifications;
- Remit the non-refundable Audit Service Provider approval fee (€1,000); and
- Remit the yearly Service Provider maintenance fee (€500) in advance.

The Authority may grant a Service Provider the necessary authorisation to act as approved auditor only if the applicant satisfies the qualifications and requirements determined for such purpose. The approval is valid for two (2) years from date of issue.

3 Audit Service Provider Requirements

In order to be approved by the MGA to provide such services, Service Providers must provide the following information and meet the criteria set out hereunder:

- Provide a general description of the entity:
 - Certificate of registration/partnership;
 - Statutory documentation;
 - Shareholding/partnership structure;
 - Audited financial statements (for the last three years) and/or transparency reports; and

- Personal Declaration Form (MGA/2017-01) of persons responsible for systems and compliance audits;
- Provide a general description of operations including any experience in the gaming industry:
 - Organisational chart including the systems and compliance audit team;
 - Curriculum vitae of all persons conducting and involved in systems and compliance audits; and
 - Ongoing training requirements for all persons involved in systems and compliance audits;
- Describe the approach/methodology adopted in carrying out the reviews including but not limited to:
 - Client acceptance procedures;
 - Policies and Procedures which demonstrate:
 - the ability to identify any situation or incident involving the integrity of any central communications system, gaming equipment or associated gaming equipment approved for use under the Maltese licence;
 - the capability to maintain a quality assurance mechanism to ensure uniform processes;
 - the capability to maintain accurate and detailed records and reports regarding testing, test results and compliance with the MGA's requirements; and
 - adequate security measures;
- Describe how the below is to be fulfilled:
 - the capability of understanding and achieving the outcomes required by the MGA through the system and compliance audits;
 - the understanding of the necessary systems and/ or compliance audits requirements;
 - the capability to submit results to the MGA in the manner required thereby. Such reports must be current as of the end of the previous business day, and in an MGA-approved format and medium; and the ability to submit audit reports and other relevant deliverables in such manner as the MGA may require;
- Auditing accreditations/ certifications if applicable; and
- Business Insurance Policy (a professional indemnity insurance for an amount of not less than Euro 1,000,000).

Sub-contracting any part of the services to persons and/or entities not approved by the MGA to carry out audits is not allowed.

The MGA can request clarifications or additional information with regards to any Systems and/ or Compliance Audit report. If the report is not of the standard required by the MGA, the MGA may require the relevant Licensee to undergo another audit under such conditions as the Authority may require.

In addition to the review of each report to assess the operator, the audits will be reviewed on a regular basis in order to ensure that the service provided meets the quality standards required by the Authority. In addition, the MGA shall be conducting quarterly quality reviews on Service Providers, through its Quality Assurance team. Such reviews will include an overall assessment of the performance of Service Providers, together with the requirement to submit documentation and evidence collected whilst conducting the reviews.

Based on its findings, the MGA reserves the right to remove or suspend any Service Provider from the approved list in case of unsatisfactory performance. In case of suspension or removal, the Authority shall give the Service Provider no less than twenty (20) days to show cause for the suspension or revocation of its approval not to take place. This notwithstanding, the Authority may revoke the approval with immediate effect, by written notice to the Service Provider, if:

- The Service Provider maliciously or due to gross negligence fails to report to the Authority serious failures on the part of one or more of its Licensees with respect to which the Service Provider has carried out an audit:
 - Provided that the Authority shall, at its sole discretion, determine what amounts to a serious failure on the part of a Licensee;
- Three (3) or more reprimands are issued to the Service Provider for failure to carry out the audits to the standard and with the diligence desired by the Authority;
- The Service Provider fails to report any conflict of interest to the Authority; or
- The Service Provider, subcontracts or otherwise outsources to any third party, even if that third party is part of the same Group of Companies or network of member firms or has a similar relationship with the Service Provider, any part of the Services without the prior written approval of the Authority.

Upon expiry or termination of the approval the Service Provider shall, as soon as is reasonably practicable and in no case later than ten (10) working days following the date of effective termination, furnish and, or return to the Authority any and all information pertaining to the Authority.

4 Qualifications and requirements of an individual for an authorisation to act as approved leading auditor

An applicant who is an individual who holds a warrant to act as an auditor under the Accountancy Profession Act (Cap. 281 of the Laws of Malta) and/ or an IT and/ or IT audit certification shall satisfy the MGA as to the qualifications referred hereunder only if:

- The applicant has suitable post-qualification experience in IT audits for not less than 3 years during the last 7 years or 5 years during the last 10 years;
- The applicant is able to communicate in English; and
- The MGA is satisfied that the applicant has a sound knowledge of the applicable laws and any other relevant binding instruments and/or guidelines.

The applicants shall submit their curriculum vitae to the MGA to apply for the necessary approval.

The Service Provider shall ensure that the persons whom it assigns to perform the audits are amongst the ones that have been made known to the Authority and accepted thereby. An approved lead auditor should always be present on-site during systems and/or compliance audits. Employees that do not qualify as leading auditors but are involved in the system and compliance audit process would

also need to be notified to and approved by the Authority. No changes may be made to the complement of staff which the Service Provider shall assign to perform the audits without the prior written approval of the Authority. In such cases the following procedure shall be adhered to:

1. The Service Provider shall notify the Authority in writing that it would like to add and, or remove one or more employees to the complement of staff which are assigned to provide the Services;
2. In case of additions, the request shall be accompanied by a copy of the curriculum vitae and qualifications of the proposed new employee. The Authority may request any further documentation it deems necessary; and
3. The Authority shall, as soon as is practicable, respond in writing to the request, confirming whether the request for involved employees or leading auditor is approved or otherwise.

A decision by the MGA to extend, review or remove this regime might be taken at any time

5 Systems and/ or Compliance Procedure

Upon being appointed to act as Systems and/ or Compliance Auditor by the Licensee the Service Provider shall:

- Notify the Authority of the appointment by the Licensee to act as its auditor;
- Submit a statement confirming that it and any affiliated entities and employees who shall perform the Services are free from any conflict of interest;
 - For the purposes of this approval, consultancy work, assistance in the application process, implementation of the systems, book keeping, accounting and internal audit services provided to the Licensee by the Service Provider or affiliated entities or any one or more of its employees who shall be employed in the performance of the Services shall be deemed as a conflict of interest.
- Submit an Authorisation to Release Information form by the Licensee;
- Confirm the time frame to carry out the systems and/ or compliance audit;
- Carry out an on-site Systems or Compliance Audit; and
- Submit the Systems or Compliance Audit to the MGA.

The System Review Report and the Compliance Review Report are strictly confidential in nature. The Service Provider and its employees shall adhere to the Professional Secrecy Act (Chapter 377 of the Laws of Malta). All confidential information provided by the Licensee to the auditor shall be deemed to be a professional secret for the purposes of the Professional Secrecy Act and the Criminal Code (Chapter 9 of the Laws of Malta).

The Service Provider shall process any personal data in compliance with the Data Protection Act (Chapter 440 of the Laws of Malta) and any other applicable laws.