

# cGaming

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## Regulatory Assurance Update

March 20, 2014

## Overview

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1. Background
2. Regulatory Assurance Principles
3. Regulatory Assurance Implementation
4. Notification Matrix
5. Control Environment Expectations
6. Standards-Based Implementation

## AGCO'S Role in Gaming Regulation

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- AGCO is responsible for administering and ensuring compliance with the *Gaming Control Act, 1992* and its regulations
- AGCO's mandate is to regulate the gaming industry in Ontario in accordance with the principles of honesty and integrity, and in the public interest
- AGCO carries out its role through:
  - Registration of suppliers providing goods and services to OLG and operators of gaming sites
  - Establishment of standards and requirements for the conduct, management and operation of lottery schemes, gaming sites and related businesses
  - Testing of gaming equipment
  - Inspections, investigations and audits to ensure compliance

## Standards-Based Model

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- OLG Charitable Gaming under s. 207(1)(a) was first to fully “go live” with the Standards Based Approach
- Once sites convert to eBingo, the November 2013 Registrar’s Standards for Gaming come into effect

# Regulatory Assurance Principles

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## Principles

- a) Will implement a compliance approach – working with Operators to achieve Compliance
- b) Accountability - (potential for regulatory action based on risk – warnings/monetary penalties/suspension, and additional inspections) will be aligned with continuous Operator non-compliance
- c) Operator compliance will influence the frequency and scope of the regulatory assurance activities

## Regulatory Assurance Overview

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- Categories of Regulatory Assurance activities
  - testing, before and after deployment
  - inspections
  - audits
- Look at whether Standards and Requirements are being adhered to
  - Activities based on “outcomes”
- Also look at whether OLG and Operator control activities (OLG cGaming P&P’s) are being followed

## Pre-Launch Regulatory Assurance

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- Equipment and software testing and approvals
- Prior to sites converting to eBingo/POD
  - AGCO meets with stakeholders
  - AGCO staff receive training/tours of sites

## Regulatory Assurance Inspections

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### eBingo

- AGCO inspections are conducted post launch

### TapTix

- AGCO inspections are conducted prior to launch
- TapTix machines are inspected for integrity/security

### On-going

- Inspections after launch, will be planned and unplanned



## Regulatory Assurance Next Steps

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- Regulatory Assurance activities will be updated based on learnings
- As more experience is gained with Regulatory Assurance activities, looking for opportunities to rely on OLG compliance activities

## Risk Based Performance Assessment

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- AGCO has developed a Notification and Reporting Matrix to help guide some of this reporting activity
- Operators will report on their performance to control activities and their management of identified risks.
- Interim Matrix launched February 24, 2014
- 6 month review of Interim Matrix scheduled for August 21, 2014
- AGCO Regulatory Assurance activities will be an additional view of Operators' risk management

## Notification Matrix - Discussion

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- To the appropriate AGCO Regional Audit & Compliance Supervisor or above:
  - If the issue is Gaming Compliance related - notify AGCO Gaming Compliance Supervisor or above
  - If the issue is Electronic Gaming Compliance related - notify AGCO Regional Manager, Electronic Gaming Compliance or above

## Key Expectations of Control Environment

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- OLG and operators are responsible and accountable for developing appropriate and effective control environment to achieve the standards and requirements
- Control environment comprised of:
  - Control activities:
    - » Auditable actions that may include policies and procedures that describe intended actions to be carried out
    - » Approvals, authorizations, verifications and/or reconciliations carried out as per policies and procedures
- Monitoring or quality assurance of control activities using internal audit and external audit
- Self-reporting on compliance and non-compliance to control activities

## Standards Implementation -- Gaps

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Following gaps identified in implementation of the Standards-Based Model:

- Whistle Blower Policy – test run at specific sites
- Self-Exclusions
- Code of Conduct – template provided by CGAO, gap to be closed
- Employee Performance

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# QUESTIONS