



For Immediate Release  
November 21, 2016

Media Contact:  
Elaine Driscoll (MGC) 617-571-2964  
Press release: 16-043

## **The Massachusetts Gaming Commission Responds to State Auditor Report**

The Massachusetts Gaming Commission (MGC) is pleased to provide a detailed response to findings recently issued by the Office of the State Auditor Suzanne Bump. In accordance with Chapter 11, Section 12 of Massachusetts General Law, the Office of the State Auditor (OSA) conducted a performance audit of the MGC to ensure compliance with oversight responsibilities required by law. The MGC worked closely with state auditors for 9 months to facilitate timely and open access to all requested records and information regarding revenue, internal controls and financial data.

The OSA found that the MGC successfully met objectives pertaining to operational expenses including management, consulting and administrative. *The OSA also found that MGC effectively met its objective to obtain the required certification of controls over cash as required by 205 CMR 138.* OSA provided recommendations on other matters (detailed below) that have since been addressed and successfully resolved by the MGC. In addition and where deemed appropriate, the MGC presents further explanation, perspective and necessary context on certain matters included in the OSA report. The MGC provides a detailed response to each finding summarized in the chart below.

“The MGC is appreciative of the thorough review conducted by Auditor Bump’s office. The MGC consistently strives to increase efficiency and improve operations. We welcome outside review and regularly seek to incorporate constructive feedback. We appreciate OSA acknowledgment of our success in areas such as management of operational expenses and enthusiastically anticipate our ongoing implementation of procedures and initiatives such as our newly formed “Internal Audit, Risk Assessment and Compliance Group” that will continue to move our organization forward in the most expedient, productive and efficient manner possible,” said MGC Chairman Steve Crosby.

As part of MGC’s continued process to enhance internal controls, maximize self-assessment and increase organizational efficiency, the Commission has recently implemented a new internal auditing function known as the “Internal Audit, Risk Assessment and Compliance Group”. The group is comprised of executive level MGC staff that is tasked with periodic discussions and analyses of risk-assessment and compliance topics in all areas and divisions of the Commission.



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The chart below details audit findings, recommendations and MGC response:

AUDIT FINDING	AUDIT RECOMMENDATION	MGC RESPONSE
MGC appropriately handled management, consulting and administrative expenses	N/A	N/A
MGC did obtain required certification of controls over cash required by 205 CMR 138	N/A	N/A
MGC did not ensure that Plainridge Park Casino (PPC) met its stated 90% workforce development and diversity goal	<ol style="list-style-type: none"> <li>1.) MGC should establish internal controls to ensure PPC meets all workforce development and diversity goals within a reasonable timeframe to include milestone and target dates.</li> <li>2.) MGC should development monitoring policies to track PPC compliance.</li> </ol>	<p><b>MGC is deeply committed to workforce development and diversity, and as such continuously monitors licensees’ progress in this area.</b></p> <p>While PPC has not achieved its ambitious 90% goal of local workforce hiring, MGC is pleased that 65% of current employees come from a 20 mile radius and 77% are Mass residents.</p> <p>The Commission does have strict internal controls to monitor this issue including:</p> <ul style="list-style-type: none"> <li>• Required Quarterly Reports</li> <li>• MGC’s License Management System</li> <li>• Oversight Project Manager On-going Research and Evaluation</li> </ul> <p>In addition, MGC newly formed “Internal Audit, Risk Assessment and Compliance Group” to further strengthen MGC’s internal control process.</p>



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		For further explanation on this topic including a detailed explanation of diversity statistics, click <a href="#">here</a> .
MGC did not ensure that PPC intercepted and remitted \$65,000 of delinquent taxes and child-support payments	<ol style="list-style-type: none"> <li>1.) MGC should work with PPC and the Department of Revenue to resolve \$65,000 of missed intercepts.</li> <li>2.) MGC should develop policies and procedures to monitor PPC's compliance with reporting requirements of law and its Memorandum of Understanding with DOR and PPC.</li> </ol>	<p>This was a technological issue identified in software developed by the Department of Revenue (DOR) and PPC.</p> <p><b>The involved participants have corrected this issue and monies have been restored to the satisfaction of the parties.</b></p> <p>MGC's "Internal Audit, Risk Assessment and Compliance Group" will routinely review this information as part of its standard procedures.</p>
MGC did not correct funding errors to certain racing trust funds.	<ol style="list-style-type: none"> <li>1.) MGC should correct the adjustments necessary to properly allocate licensee assessments to funds as required by Chapter 128A of the General Laws.</li> </ol>	MGC appreciates the OSA's diligence on this matter. <b>This issue has been resolved.</b> MGC took immediate steps to resolve this issue. Accordingly entries have been entered and adjusted.

