

## **2018-132 AUDIT SCOPE AND OBJECTIVES**

### **Gambling Control Fund—Revenues, Expenditures and Use**

The audit by the California State Auditor will provide independently developed and verified information related to the California Gambling Control Commission (commission) and the California Department of Justice's (Justice) Bureau of Gambling Control (BGC) regarding the revenues, expenditures and use of the Gambling Control Fund (gambling fund). The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Review the BGC's process for reviewing the backgrounds of gambling establishments and other licensees and determine whether it is performing these reviews in an efficient and effective manner and in accordance with the Administrative Procedures Act (APA).
3. Determine whether the commission and the BGC are complying with statutory time frames and internal goals for processing applications for licensing at gambling establishments and whether a backlog of applications exists. Determine the extent and cause of any backlog.
4. Determine whether the commission and the BGC have and adhere to policies and procedures to ensure all applicants and licensees are treated fairly and consistently by providing timely hearings, due process, and equal protection regardless of race, national origin, or gender.
5. Determine whether the commission or the BGC use gambling funds for any improper purposes. Determine how much time their employees spend in each cardroom and casino and review expenses incurred by these employees while performing their compliance testing.
6. Review and evaluate relevant policies and procedures of Justice's Indian and Gaming Law Section (IGLS) and evaluate its efficiency and consistency in reviewing contracts and documents. Determine whether IGLS has and follows policies and procedures to provide all applicants with timely reviews, basic due process, and equal protection requirements regardless of their race or national origin.
7. For a selection of meetings, determine whether the commission complies with the Bagley-Keene Act. Further, for a selection of matters, identify the extent to which the same attorneys are representing both the BGC and the commission and assess whether this arrangement is a conflict of interest or constitutes a violation of the Judicial Code of Ethics or the APA.
8. Identify any surplus balance in the gambling fund and determine whether fees paid by applicants and licensees are appropriate.
9. Review and assess any other issues that are significant to the audit.