

24 NCAC 06A .0427 INDEPENDENT AUDIT OF INTERNAL CONTROLS

- (a) The Operator shall have its Internal Controls independently audited at least once every two years with the results documented in a written report. For Sports Wagering, this includes Internal Controls conducted by other Responsible Parties on behalf of the Operator. Reports shall be maintained and available to the Commission.
- (b) These independent audits may be conducted by the Commission, or a third-party contractor approved by the Commission. The Commission may, in its discretion, allow for an internal audit group or board within the Operator or parent company of the Operator, which is independent of the Operator, to serve as a third-party contractor for use in completing this audit.
- (c) The Commission or a third-party auditing contractor shall be responsible for auditing the Operator's compliance with the Act and these Rules, the Internal Controls, and other applicable rules, regulations, or procedures.
- (d) Documentation, including checklists, programs, reports, corrective actions, and other items, shall be prepared to evidence independent audit work performed as it relates to the requirements of this Rule, including instances of noncompliance.
- (e) Independent audit reports shall include objectives, procedures and scope, findings and conclusions, and recommendations.
- (f) An Authorized Representative of Operator's management shall be required to respond in writing to the independent audit findings and the stated corrective measures to be taken to avoid recurrence of the audit exception or finding. These management responses shall be included in the final independent audit report.
- (g) Follow-up observation and examinations shall be performed to verify that corrective actions have been taken regarding all instances of noncompliance cited by the independent audits, or by the Commission. The verification shall be performed within six months following the preliminary findings indicating audit exception are presented to the Operator.
- (h) It is acceptable to leverage the results of prior audits conducted within the audit period by the same third-party contractor in another Wagering jurisdiction. This leveraging shall be noted in the audit report. This leveraging does not include Internal Controls unique to the State, which will require new audits.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-027;
Eff. January 8, 2024;
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