

Office of the State Auditor
Financial and Compliance Audit of the Division of Gaming – Department of Revenue
Fiscal Year 2023

Responses to Prospective Bidder Inquiries:

1. What were the fees for the prior year audit for the Division of Gaming? How long did the predecessor auditor work on the Division of Gaming's audit? How many auditors and how many days were the auditors in the field for interim and final fieldwork?

The total contract fees for Fiscal Year 2022 were \$33,200. The predecessor auditor worked on the Division of Gaming audit from 2012 through 2022.

According to Division staff, the predecessor auditor worked 10 years on the Division of Gaming's Audit. The Division had two offices before the pandemic and during this time, 2 auditors were in the office for one week for interim fieldwork and 2-3 auditors were in the office for 10 days for the final fieldwork. All work has been completed remotely since the Pandemic.

2. Do you anticipate that the predecessor auditor will bid on this RFP?

As noted in the RFP in Section I, Part P.4. states "The firm selected will be awarded a one-year contract which may be renewed on an annual basis for up to four additional years subject to acceptable performance and costs." Therefore, the audit is subject to an RFP every 5 years. The current audit firm was awarded the RFP twice and has performed the audit for Fiscal Years 2012 through 2022. This makes them ineligible to bid as OSA policy requires a 10-year rotation for audit firms. See Section I, Part N. for information on the eligibility of firms to propose.

3. Can you direct us to where we can find copies of reports issued for the prior year for the division?

The Fiscal Year 2022 report can be found on our website:

https://leg.colorado.gov/sites/default/files/documents/audits/2219f_division_of_gaming_fy2022_financial_audit.pdf

4. Were there any journal entries proposed by the auditors during the 2022 audit process?

The Division of Gaming's Financial Statements for the fiscal year ended June 30, 2022, Audit Report No. 2219F, page 81 contains communication about the corrected and uncorrected misstatements noted during the Fiscal Year 2022 audit. This report can be found on our website:

https://leg.colorado.gov/sites/default/files/documents/audits/2219f_division_of_gaming_fy2022_financial_audit.pdf

5. Were there any significant deficiencies or material weaknesses identified during the 2022 audit? Were there any major audit issues identified for 2022? Any anticipated ones for 2023?

There were no findings reported in Fiscal Year 2022. The Fiscal Year 2022 report can be seen on our website:

https://leg.colorado.gov/sites/default/files/documents/audits/2219f_division_of_gaming_fy2022_financial_audit.pdf

We do not anticipate any major audit issues related to the Division of Gaming for Fiscal Year 2023.

6. How many leases did the Division of Gaming identify as applicable for GASB-87 during the 2022 audit?

According to the Division, it has one lease.

7. How many Subscription Based Technology Arrangements does the Division of Gaming anticipate that are applicable to GASB-96 for the 2023 implementation?

According to the Division, it does not have any subscription based technology arrangements.

8. Does the Division of Gaming have any Private-Private or Public-Private Partnerships applicable to GASB-94? If so, how many do you anticipate having for the 2023 implementation?

According to the Division, it does not have any partnerships applicable to GASB-94.

9. What single audit programs were identified as major programs during the 2020, 2021, and 2022 audits? Are federal dollars expended in FY23 expected to be consistent with prior years?

For the Division of Gaming, there were no federal programs identified as major programs during the Fiscal Years 2020, 2021, and 2022 audits.

According to the Division, it does not spend any federal dollars.

10. Are there any performance audits with responses not yet fully implemented as of June 30, 2022? If yes, what are the anticipated implementation dates?

According to the OSA's Annual Report: Status of Audit Recommendations Not Fully Implemented as of June 30, 2022, the Division does not have any unimplemented recommendations. The full report can be found on our website at the following link:

https://leg.colorado.gov/sites/default/files/documents/audits/2252s_2022_annual_report_status_of_audit_recommendations.pdf

The most recent Performance audit, Sports Betting, is not included in this report because it was released in June 2022. This full report and findings with the implementation dates can be found on our website at the following link:

https://leg.colorado.gov/sites/default/files/documents/audits/2166p_sports_betting_performance_audit.pdf

11. Was an inventory observation performed as part of the June 30, 2022 audit? Is inventory for Division of Gaming expected to be material for the June 30, 2023 audit?

According to the Division, inventory observation was not performed as part of the Fiscal Year 2022 audit, and it does not expect inventory to be material for the Fiscal Year 2023 audit.

12. Have there been any significant changes in key staff in the past year that would affect the 2023 audit?

According to the Division, there has not been significant changes in key staff in the past year that would affect the Fiscal Year 2023 audit.

13. Any significant changes to operations during FY2023?

According to the Division, House Bill 22-1402 created the Responsible Gaming Grant Cash Fund and it will start distributing grants from this fund in Fiscal Year 2023. This fund will be included in the Fiscal Year 2023 financial statements for the Division.

Based on the Division's response to this question and inclusion of this fund in the Division's financial statements, we have revised the Scope of Work to include this Fund as part of the testing. Further, based on the Division's Unaudited Financial Statements for the period beginning July 1, 2022 through December 31, 2022 for the Responsible Gaming Grant Fund, the initial balance was \$2,500,000, the total revenues for December were \$22,855, total expenditures \$7,946, Excess of Revenues Over Expenditures \$14,909. The total fund balance was \$2,514,909.

14. Any unique or unusual transactions during Fiscal Year 2023 that we should be aware of?

According to the Division, there are no unique or unusual transactions that auditors should be aware of.

15. Any changes related to financing within the department during FY2023 (new debt, new significant leases, etc.)?

According to the Division, it does not have any debt.