

Auditing Revenue

25 CFR 543.24 Toolkit

Version 1.0

NIGC Training Division



NIGC Auditing Revenue—25 CFR 543.24 Toolkit

Over thirty years ago, Congress adopted the Indian Gaming Regulatory Act (IGRA) to provide a statutory basis for gaming by Indian tribes. The National Indian Gaming Commission (NIGC) was created by IGRA to regulate gaming activities conducted by sovereign Indian tribes on Indian lands. The mission of the NIGC is to: (1) promoting tribal economic development, self-sufficiency and strong tribal governments; (2) maintaining the integrity of the Indian gaming industry; and (3) ensuring that tribes are the primary beneficiaries of their gaming activities. One of the primary ways the NIGC does this is by providing training and technical assistance to Indian tribes and their gaming regulators.

The National Indian Gaming Commission (NIGC) is pleased to present this Toolkit to all Compliance and Auditing staff. This reference guide is intended to assist Auditors, Gaming Commissioners and Operations personnel in the performance of measuring compliance of their operation(s) with 25 CFR 543.24. The Toolkit lists each standard of 543.24, the intent of the standard, and a recommended testing step, which will ensure minimum regulatory compliance.

This Toolkit is designed to meet the minimum requirements of the NIGC MICS and does not take into account Operations' Tribal Internal Control Standards (TICS) and/or System of Internal Control Standards (SICS), which may require further testing. The NIGC encourages operations to develop standards that exceed the Minimum Internal Control Standards. The uniqueness of each operation warrants a robust set of controls tailored to its individual needs.

If you have questions or comments about this guide, please contact the NIGC Compliance Division at traininginfo@nigc.gov . For more information, visit the NIGC website at <http://www.nigc.gov>.

How to use this Toolkit

The Training Program has designed this Toolkit as a resource for understanding the Auditing Revenue 543.24 Minimum Internal Control Standards (MICS) and to use as a tool in conducting an audit of the revenue standards in determining compliance with 543.24. This Toolkit was developed in a table fashion. You can use the Toolkit to help:

- 1) Clarify the meaning of terms used in this Toolkit (Definitions);
- 2) See the regulation for Auditing Revenue 543.24. (The regulation is listed in the first column in the table verbatim);
- 3) Understand the intent of the regulation and why the control was created. (The intent is listed in the second column in the table);
- 4) Determine testing steps to utilize to determine compliance with the regulation. (The testing step is listed in the second column in the table under the Intent information);
- 5) Identify best practices. (These have been included in either the intent or the testing steps to provide the user with current industry procedures);
- 6) Additional information is provided as a note. This information provides practical advice to consider when performing the testing step, such as the step being completed in another section.

The toolkit provides many practical and concrete suggestions for understanding and evaluating compliance with Auditing Revenue MICS 543.24. This toolkit can be used by either the new or experienced auditor during the various stages of the audit.

GLOSSARY	DEFINITION
Accountability	All financial instruments, receivables, and patron deposits constituting the total amount for which the bankroll custodian is responsible at a given time.
Agent	A person authorized by the gaming operation, as approved by the TGRA, to make decisions or perform assigned tasks or actions on behalf of the gaming operation.
Automated payout	Payment issued by a gaming machine, commonly referred to as payout slips, vouchers or tickets.
Cage	A secure work area within the gaming operation for cashiers, which may include a storage area for the gaming operation bankroll.

Cash equivalents	Documents, financial instruments other than cash, or anything else of representative value to which the gaming operation has assigned a monetary value. A cash equivalent includes, but is not limited to, tokens, chips, coupons, vouchers, payout slips and tickets, and other items to which a gaming operation has assigned an exchange value.
Class II gaming	Games of chance such as bingo (whether or not electronic, computer, or other technological aids are used in connection therewith in), pull tabs, and non-banked card games (poker).
Class II gaming system	All components, whether or not technologic aids in electronic, computer, mechanical, or other technologic form, that function together to aid the play of one or more Class II games, including accounting functions mandated by these regulations or part 547 of this chapter.
Independent	The separation of functions to ensure that the agent or process monitoring, reviewing, or authorizing the controlled activity, function, or transaction is separate from the agents or process performing the controlled activity, function, or transaction.

Manual payout	Any non-automated payout.
MICS	Minimum internal control standards in this part.
Patron	A person who is a customer or guest of the gaming operation and may interact with a Class II game. Also may be referred to as a "player".
Player interface	Any component(s) of a Class II gaming system, including an electronic or technologic aid (not limited to terminals, player stations, handhelds, fixed units, etc.), that directly enables player interaction in a Class II game.

Prize payout	Payment to a player associated with a winning or qualifying event.
Sample	A set of records, data or elements drawn from a larger population and analyzed to estimate the characteristics of that population.
Shift	A time period, unless otherwise approved by the tribal gaming regulatory authority, not to exceed 24 hours.
SICS (System of Internal Control Standards)	An overall operational framework for a gaming operation that incorporates principles of independence and segregation of function, and is comprised of written policies, procedures, and standard practices based on overarching regulatory standards specifically designed to create a system of checks and balances to safeguard the integrity of a gaming operation and protect its assets from unauthorized access, misappropriation, forgery, theft, or fraud.

Tier A	Gaming operations with annual gross gaming revenues of more than \$3 million but not more than \$8 million.
Tier B	Gaming operations with annual gross gaming revenues of more than \$8 million but not more than \$15 million.
Tier C	Gaming operations with annual gross gaming revenues of more than \$15 million.
TGRA	Tribal gaming regulatory authority, which is the entity authorized by tribal law to regulate gaming conducted pursuant to the Indian Gaming Regulatory Act.

TICS	Tribal Internal Control Standards established by the TGRA that are at least as stringent as the standards set forth in this part.
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<u>Citation</u>	<u>Language</u>	<u>Intent and Testing</u>
§ 543.24 (a)		
543.24(a)	<p><i>Supervision.</i> Supervision must be provided as needed for revenue audit by an agent(s) with authority equal to or greater than those being supervised.</p>	<p>Intent: To provide for the proper supervision of revenue audit procedures, to help prevent, identify, and correct actions by those being supervised that could impair the integrity of gaming or lead to the loss of gaming assets</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review organizational chart, department schedules, and/or job descriptions for personnel who perform and supervise revenue audit procedures to determine the structure of supervision for revenue audit. 2. Observe how supervision of the performance of revenue audit procedures is provided to determine adequacy and to verify proper supervision is provided. 3. Inquire with supervisory personnel to determine what types of tasks are performed as part of the supervision of revenue audit, such as: monitoring staff, scheduling, communicating findings, etc. Further inquiries may be needed based on what is verified by reviews and observations from testing #1 and #2. <p>Best Practice: Effective supervision should be by someone of greater authority than those being supervised. If supervision is of equal authority, consider additional controls for sensitive reviews, such as those, which may detect possible incidents of collusion. If one person performs all revenue audit procedures, supervision can be provided by a supervisor from an external department, as</p>

		long as the supervisor is independent of the transactions being reviewed.
§ 543.24 (b)		
543.24(b)	<p><i>Independence.</i> Audits must be performed by agent(s) independent of the transactions being audited.</p>	<p>Intent: To require revenue audit procedures be performed (including supervision) by personnel whom are not directly or indirectly involved in the transactions, processes, or areas reviewed to prevent potential conflicts of interest and opportunities for collusion and to ensure reviews are unbiased.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review employee lists and/or organizational chart to verify documented independence of revenue audit personnel by whom they report under and the area they work (as applicable). 2. Observe the overall performance of revenue audit procedures, to ensure that other tasks these persons may perform do not present conflicts in independence (<i>e.g.</i>, as a key custodian being the person whom performs quarterly reviews of key system reports). 3. Inquire with revenue audit personnel to learn how they ensure independence from the areas they review (<i>e.g.</i>, do they disclose family/personal relationships with personnel who work in the areas they may be required to review? What is the procedure to mitigate risk if such relationships are present?). <p>Best Practice: Independence should prevent any appearance of impropriety to ensure the integrity of revenue audit procedures. Personnel who perform revenue audit procedures should not</p>

		<p>report to management of departments they are charged with reviewing. This helps to remove possible conflicts of interest. Revenue audit may want to establish an outside reporting channel, such as TGRA, Audit Committee, Internal Auditor(s), etc. which may be used by revenue audit personnel for rare instances where they may not be comfortable reporting a detected finding within their department.</p>
<p>§ 543.24 (c)</p>		
<p>543.24(c)</p>	<p><i>Documentation.</i> The performance of revenue audit procedures, the exceptions noted, and the follow-up of all revenue audit exceptions must be documented and maintained.</p>	<p>Intent: To require the documentation, and its maintenance, of the revenue audit workflow from start to follow-up. To provide documented evidence that revenue audit procedures are performed correctly, exceptions are appropriately reported, and follow-up is conducted to avoid recurrence of exceptions.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. For selected test period, examine all documentation prepared to evidence the performance of revenue audit procedures. This should include documented exceptions and follow-up of those exceptions to verify revenue audit work is properly documented. Examinations should include testing to verify the following is performed and clearly documented: (1) what work is performed and by whom, (2) any exceptions are noted and properly communicated to personnel and/or departments for response and corrective action, and (3) follow-up is performed to review responses and re-perform testing, if needed. 2. Inquiries and/or observations may be needed to determine how revenue audit documents its procedures when the documentation is unclear. If no exceptions were noted for the

		<p>selected test period, the audit sample should be expanded to include periods where documented exceptions and follow-up were completed.</p> <p>3. If any findings are noted related to the failure to perform revenue audit procedures as required under this section, this standard should be re-visited to determine if a finding under this standard (due to a lack of documented performance) would be appropriate.</p> <p>Best Practice: The industry relies on many standardized forms to document the performance of revenue audit procedures. Such forms help clarify when, how, and for whom the procedures are performed and can be an essential tool for monitoring and verifying the performance and effectiveness of the revenue audit workflow. Standardized forms for revenue audit include revenue audit checklists, testing narratives, exception notices, and exception/follow-up logs.</p>
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Note: For § 543.24 (d), ensure each process is properly documented in the Operation’s TICS and/or SICS.

§ 543.24 (d)(1)

<p>543.24(d)(1)(i)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(1) <i>Bingo.</i></p> <p>(i) At the end of each month, verify the accuracy of the ending balance in the bingo control log by</p>	<p>Intent: To provide for the protection of assets and verify bingo transactions are properly recorded by performing a reconciliation between the recorded bingo inventory and the physical inventory of bingo paper at the end of the month.</p> <p>Testing:</p>
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	<p>reconciling it with the bingo paper inventory. Investigate and document any variance noted.</p>	<ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the end of the month bingo inventory reconciliation are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether the end of the month bingo paper inventory reconciliations were completed. 3. Test documentation to verify the physical inventory of bingo paper was reconciled to the inventory recorded in the bingo control log, which may be a manual or computerized record. If any variances in the reconciliation were noted, verify that they were investigated and documented with the determined cause and proposed corrective action to avoid recurrence of variances, as applicable. If no variances were noted, inquire to verify what procedures would be performed had there been a variance.
<p>543.24(d)(1)(ii)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(1) <i>Bingo</i>.</p> <p>(ii) Daily, reconcile supporting records and documents to summarized paperwork or electronic records (e.g. total sales and payouts per shift and/or day).</p>	<p>Intent: To provide for the protection of assets and verify bingo transactions are properly recorded and supported by performing a reconciliation between supporting documentation and summarized records (paper or electronic) on a daily basis.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the daily records reconciliation are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether the daily bingo records reconciliation was completed. 3. Test documentation to verify supporting records and documents for bingo were reconciled to summarized

		<p>paperwork or electronic records. Reconciled records should include activity such as bingo sales and payouts and may include records for bingo banks (if applicable) or other bingo activity. If any summarized records were unable to be reconciled to documentation, verify whether revenue audit noted an exception and communicated with the bingo department to determine and/or correct the cause of missing or inaccurate documentation or records.</p>
<p>543.24(d)(1)(iii)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(1) <i>Bingo</i>.</p> <p>(iii) At least monthly, review variances related to bingo accounting data in accordance with an established threshold, which must include, at a minimum, variance(s) noted by the Class II gaming system for cashless transactions in and out, electronic funds transfer in and out, external bonus payouts, vouchers out and coupon promotion out. Investigate and document any variance noted.</p>	<p>Intent: To provide for the protection of assets and verify bingo revenue is properly recorded by Class II systems and in the accounting, records by reviewing meter data on system reports and recorded accounting data.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures exist requiring that at least monthly a review of variances related to bingo accounting data are established and implemented. Verify that the established threshold includes the minimum types of variances required under this standard, as applicable, and determine whether additional types of variances are included in the controls. 2. For selected test period, examine revenue audit’s documentation to determine whether reviews of variances related to bingo accounting data were completed at least monthly. 3. Test documentation to verify review of variances related to bingo accounting data, in accordance with the established threshold. Variances may be identified by the Class II system, such as for meter failures, variances between meter data and

		<p>recorded accounting journal entries or records, such as clerical errors. For variances noted, verify that they were investigated and documented. Including, the determined cause and proposed corrective action. If no variances were noted in test sample, inquire with revenue audit, what procedures would be performed for variances to verify procedures are known.</p>
<p>543.24(d)(1)(iv)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(1) <i>Bingo.</i></p> <p>(iv) At least monthly, review statistical reports for any deviations from the mathematical expectations exceeding a threshold established by the TGRA. Investigate and document any deviations compared to the mathematical expectations required to be submitted per §547.4.</p>	<p>Intent: To provide for the protection of assets and verify Class II gaming equipment is performing in accordance with the specifications set by the manufacturer and as certified by the laboratory.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures are established for the review of statistical reports on at least a monthly basis and implemented. Determine the threshold level between actual and theoretical hold that has been established by the TGRA requiring investigation. 2. For selected test period, examine revenue audit’s documentation to determine whether the review of statistical reports for Class II gaming equipment was completed at least monthly. 3. Test documentation to verify statistical reports for Class II gaming equipment were reviewed. Identify any deviations from the actual to theoretical hold percentage that exceeded the TGRA established threshold and confirm whether they were investigated and documented. <p>Typically, reports will compare month-to-date and year-to-date data. For any deviations identified, verify they were investigated and documented with the determined cause</p>

		<p>(e.g., high or low amount of payouts on equipment, high amount of recent wagering, machine recently entered service, etc.). Some causes should be continually monitored if equipment has a history of frequent deviations to determine whether fraudulent payouts or equipment compromise has occurred. If a cause cannot be determined, the manufacturer may need to be contacted to determine if equipment was installed correctly and/or if it has the correct software activated/installed. Confirm if any continual monitoring takes or would take place if equipment has continuous deviations.</p>
<p>543.24(d)(1)(v)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(1) <i>Bingo</i>.</p> <p>(v) At least monthly, take a random sample, foot the vouchers redeemed and trace the totals to the totals recorded in the voucher system and to the amount recorded in the applicable cashier's accountability document.</p>	<p>Intent: To provide for the protection of assets and verify vouchers are properly redeemed.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures are established and implemented for the (at least monthly) footing and tracing of a random sample of vouchers. Controls and procedures should indicate the minimum sample size. 2. For selected test period, examine revenue audit's documentation to determine whether the footing and tracing of a random sample of vouchers has been completed at least monthly. 3. Test documentation to verify that a random sample of redeemed vouchers were footed (usually documented by adding machine tape or a spreadsheet) and traced to the totals recorded by the voucher redemption system and the cage cashier's accountability documentation. If the footed total does not agree to the system and/or accountability totals, confirm whether the cause was determined and

		whether management and/or the department was notified, if applicable.
§ 543.24 (d)(2)		
543.24(d)(2)(i)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(2) <i>Pull tabs.</i></p> <p>(i) Daily, verify the total amount of winning pull tabs redeemed each day.</p>	<p>Intent: To provide for the protection of assets and verify redeemed pull tabs are properly recorded.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the daily verification of redeemed winning pull tabs are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine if the daily verification of winning pull tabs has been completed. 3. Test documentation to verify that redeemed winning pull tabs were physically verified and the total amount was traced to system records and/or payout documentation to confirm proper recording of pull tab payouts.
543.24(d)(2)(ii)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(2) <i>Pull tabs.</i></p> <p>(ii) At the end of each month, verify the accuracy of the ending balance in the pull tab control log by</p>	<p>Intent: To provide for the protection of assets and verify pull tab transactions are properly recorded by performing a reconciliation between the recorded pull tab inventory and the physical inventory of pull tabs on hand at the end of the month.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm that there are controls and revenue audit procedures for the end of the month pull tabs inventory reconciliation are established and implemented.

	<p>reconciling the pull tabs on hand. Investigate and document any variance noted.</p>	<ol style="list-style-type: none"> 2. For selected test period, examine revenue audit's documentation to determine whether the end of the month pull tab reconciliation(s) were completed. 3. Test documentation to verify that the physical inventory of pull tabs on hand was reconciled to the inventory recorded in the pull tab control log. This information may be a manual or computerized record. If any variances in the reconciliation were noted, verify that they were investigated and documented, including the determined cause and proposed corrective action to avoid recurrence of variances, as applicable. If no variances were noted, inquire to verify what procedures would be performed.
543.24(d)(2)(iii)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(2) <i>Pull tabs.</i></p> <p>(iii) At least monthly, compare for reasonableness the amount of pull tabs sold from the pull tab control log to the amount of pull-tab sales.</p>	<p>Intent: To provide for the protection of assets and verify pull tab transactions are properly recorded.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least monthly comparison of pull tab sales are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine if the at least monthly comparison of pull tab sales was completed. 3. Test documentation to verify that the amount of pull tabs sold from the pull tab control log was compared to the amount of recorded pull tab sales to confirm proper recording of sales.

<p>543.24(d)(2)(iv)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(2) <i>Pull tabs.</i></p> <p>(iv) At least monthly, review statistical reports for any deviations exceeding a specified threshold, as defined by the TGRA. Investigate and document any large and unusual fluctuations noted.</p>	<p>Intent: To provide for the protection of assets and verify pull tab games are performed in accordance with vendor specifications by review of significant deviations in actual to theoretical hold as recorded in statistical reports.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least monthly review of statistical reports are established and implemented. Determine the TGRA established variance threshold level, between actual and theoretical hold, which requires investigation. 2. For selected test period, examine revenue audit's documentation to determine whether the review of statistical reports for pull tabs was completed at least monthly. 3. Test documentation to verify statistical reports for pull tabs were reviewed to identify deviations exceeding the threshold set by TGRA of the actual to theoretical hold percentage. For any large and unusual fluctuations identified, verify that they were investigated and documented with the determined cause. For example, game ending early, low sales of game, etc. Note: Proper recording of transactions for game should be reviewed when a large or unusual fluctuation is identified to determine whether the game may have been compromised or fraudulent activity may have occurred (<i>e.g.</i>, use of inside knowledge about the payout activity for the game).
<p>§ 543.24 (d)(3)</p>		

<p>543.24(d)(3)(i)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(3) <i>Card games.</i></p> <p>(i) Daily, reconcile the amount indicated on the progressive sign/meter to the cash counted or received by the cage and the payouts made for each promotional progressive pot and pool. This reconciliation must be sufficiently documented, including substantiation of differences and adjustments.</p>	<p>Intent: To provide for the protection of funds contributed by patrons and the operation (if applicable) for progressive pots and pools and verify the correct amount(s) are communicated to patrons and card games staff by reconciliation of posted amounts to progressive activity and transactions.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the daily reconciliation of progressive pot(s) and pool(s) are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether the daily reconciliation of card game progressive pot(s) and pool(s) was completed. 3. Test documentation to verify that the posted amount(s) of the card game progressive pot(s) and pool(s) are reconciled by the amount of contributions received from patrons, by drop or transfer, and payouts (if any occurred). If there are, any differences or adjustments verify that they were adequately documented with a valid explanation. The reconciliation document(s) should include the prior day's posted amount, the amount of contributions and payouts, and the new amount posted. Differences should be reviewed to ensure they are in accordance with progressive rules and Card Games MICS. Payouts for card game progressives are infrequent and therefore may require expanding test period. <p>Best Practice: General industry practice includes updating the posted progressive sign(s) or meter(s) displayed in the card games area immediately following the daily reconciliation.</p>
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<p>543.24(d)(3)(ii)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(3) <i>Card games.</i></p> <p>(ii) At least monthly, review all payouts for the promotional progressive pots, pools, or other promotions to verify payout accuracy and proper accounting treatment and that they are conducted in accordance with conditions provided to the patrons.</p>	<p>Intent: To provide for the protection of funds contributed by patrons and the operation (if applicable) for progressive pots, pools, and/or other promotions and to verify payouts are conducted and recorded properly.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least monthly review of all card games promotional payouts are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether the review of all card games promotional payouts was completed at least monthly. 3. Test documentation to verify all card games payouts for promotional pot(s) and pool(s) and/or other promotions are reviewed. Verify through documentation that payouts are accurately recorded and given proper accounting treatment. Verify proper accounting treatment should be verified by comparing payouts to accounting records (such as general ledger activity) for progressive liability and/or promotional expense. Also, verify that payouts are in accordance with the conditions provided to patrons in the rules for the progressive(s) and/or promotion by comparing payout documentation to the applicable rules and/or conditions.
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543.24(d)(3)(iii)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(3) <i>Card games.</i></p> <p>(iii) At the conclusion of each contest/tournament, reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document.</p>	<p>Intent: To provide for the protection of funds from patrons and the operation (if applicable) for contests and tournaments and verify that entries and payouts are recorded properly by reconciling contest/tournament forms to accountability documentation.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the reconciliation of contests and/or tournaments are established and implemented. 2. For selected test period, examine revenue audit's documentation for the reconciliation of each contest(s) and/or tournament(s) prepared at the conclusion of the event. 3. Test documentation to verify that the entry and payout forms for each contest(s) and/or tournament(s) are reconciled to the dollar amounts recorded in the accountability documentation and to confirm the amount of funds received and paid out for the contest and/or tournament were recorded accurately.
§ 543.24 (d)(4)		
543.24(d)(4)(i)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(4) <i>Gaming promotions and player tracking.</i></p> <p>(i) At least monthly, review promotional payments, drawings, and giveaway programs to verify payout accuracy and proper accounting treatment in accordance with the rules provided to patrons.</p>	<p>Intent: To provide for the protection of assets and operational integrity for promotions and verify payouts are conducted and recorded properly.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least monthly review of promotional payouts are established and implemented.

		<ol style="list-style-type: none"> 2. For selected test period, examine revenue audit’s documentation to determine whether the review of promotional payouts was completed at least monthly. 3. Test documentation to verify that payouts for promotional payments, drawings, and/or giveaway programs are reviewed. Verify that the payouts are accurately recorded and given proper accounting treatment. Verify proper accounting treatment by comparing payouts to accounting records (such as general ledger activity) for promotional expense. Also, verify that payouts are in accordance with the rules provided to patrons for the promotional program by comparing payout documentation to the applicable rules.
543.24(d)(4)(ii)(A-C)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(4) <i>Gaming promotions and player tracking.</i></p> <p>(ii) At least monthly, for computerized player tracking systems, perform the following procedures:</p> <p>(A) Review authorization documentation for all manual point additions/deletions for propriety;</p> <p>(B) Review exception reports, including transfers between accounts; and</p>	<p>Intent: To provide for the protection of assets and detect potentially fraudulent transactions related to player tracking systems and transactions.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least monthly reviews for player tracking systems are established and implemented. 2. For selected test period, examine revenue audit’s documentation to determine whether player tracking systems and transactions were reviewed at least monthly. 3. Test documentation to verify that player tracking system transactions and access to accounts are reviewed. Review documentation verifying that all manual point adjustments, additions and deletions, were reviewed for proper authorization and appropriateness. This review should also

	<p>(C) Review documentation related to access to inactive and closed accounts.</p>	<p>confirm such adjustments are not prohibited by the gaming operation's controls.</p> <p>Exception reports, including transfers between accounts, should be reviewed to determine the cause of the exception and whether such activity is legitimate, authorized, and allowed. Depending on the player tracking system, a specific exception report may not be available. Reports which include any unusual transactions, such as manual changes to activity, account transfers, and voided activity would be appropriate for this review.</p> <p>Documentation for access to inactive and/or closed accounts should be reviewed to determine the reason and authorization for access and the activity performed. (The risk for this type of activity may be mitigated if such accounts have their point/activity balances zeroed.) If any accounts are inactive or closed due to the patron's request for self-exclusion, reviews should ensure they were not contacted in violation of their exclusion request.</p> <p>**Dormant accounts with point balances are an attractive target for fraudulent activity and access to such accounts should be closely monitored.**</p>
543.24(d)(4)(iii)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(4) <i>Gaming promotions and player tracking.</i></p>	<p>Intent: To provide for the protection of assets and detection of potentially fraudulent transactions related to player tracking systems and transactions.</p> <p>Testing:</p>

(iii) At least annually, all computerized player tracking systems must be reviewed by agent(s) independent of the individuals that set up or make changes to the system parameters. The review must be performed to determine that the configuration parameters are accurate and have not been altered without appropriate management authorization Document and maintain the test results.

1. Review TICS and/or SICS to confirm that controls and revenue audit procedures for the at least annual review of player tracking system parameters are established and implemented.
2. For selected test period, examine revenue audit's documentation to determine whether the player tracking system parameters review was completed at least annually.
3. Test documentation to verify that player tracking system parameters are reviewed. The review should include: (1) identification of system parameters in the player tracking system which can be altered and may present a risk of fraudulent activity; (2) documentation of the currently authorized configuration/system parameters; (3) documentation with authorization of any changes to parameters for the period under review; (4) comparison of the authorized parameters to the currently active parameters; and (5) the results of the review.

Parameters vary depending on the type and age of the player tracking system. The most common parameter with the greatest potential risk is the points awarded structure based on play. Other parameters may include, but not be limited to settings for promotional events run through the system (such as hot seat drawings), bonus point award periods (2X point events), and system access settings.

Best Practice: Reviews should focus on potential risk and the player tracking system vendor may be a helpful resource in identifying parameters, which should be included in this review.

<p>543.24(d)(5)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(5) <i>Complimentary services or items.</i> At least monthly, review the reports required in §543.13(c). These reports must be made available to those entities authorized by the TGRA or by tribal law or ordinance.</p>	<p>Intent: To provide for the protection of assets and detection of potentially fraudulent transactions related to complimentary services or items.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least monthly review of reports for complimentary services or items are established and implemented. 2. For selected test period, examine revenue audit’s documentation to determine whether the reports for complimentary services or items transactions were reviewed at least monthly. Inquire with revenue audit personnel about process for reviewing reports and clarification (if needed) regarding documentation examined. 3. Test documentation to verify that the reports for complimentary services or items, required under 543.13(c) are reviewed and reports are made available to authorized entities. The reports under review should summarize the complimentary services and items records. Revenue audit should ensure that reported transactions were properly reviewed for proper authorization and compliance with thresholds. In addition, any transactions, which were not properly authorized must be investigated to determine the cause and reported to management (as applicable). Proper authorization requirements should be documented in the procedures for complimentary services or items. Review should also include review of situational restrictions covered by the procedures (<i>e.g.</i>, procedures often prohibit issuances to family members).
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		<p>Best Practice: It is a recommended practice to examine multiple transactions issued to the same person within a close timeframe, which are just below or at the issuer’s authorization limit, to determine whether the issuer is subverting their limit by the issuance of multiple complimentary services or items.</p>
<p>§ 543.24 (d)(6)</p>		
<p>543.24(d)(6)(i)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p><i>(6) Patron deposit accounts.</i></p> <p>(i) At least weekly, reconcile patron deposit account liability (deposits ± adjustments – withdrawals = total account balance) to the system record.</p>	<p>Intent: To provide for the protection of funds deposited by patrons and verify account transactions are properly recorded.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least weekly reconciliation of patron deposit account liability are established and implemented. 2. For selected test period, examine revenue audit’s documentation to determine whether the patron deposit accounts were reconciled at least weekly. 3. Test documentation to verify that the patron deposit account liability was reconciled to the system records. The reconciliation should include examination of accounting records for the patron deposit account liability and comparison to system records for all patron accounts with an account balance. If the balances do not reconcile, an investigation should be performed to determine the cause.

543.24(d)(6)(ii)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(6) <i>Patron deposit accounts.</i></p> <p>(ii) At least weekly, review manual increases and decreases to/from player deposit accounts to ensure proper adjustments were authorized.</p>	<p>Intent: To provide for the protection of assets and verify manual transactions for patron deposit accounts are properly authorized</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least weekly review of manual increases and decreases for patron deposit accounts are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether the manual increases and decreases for patron deposit accounts were reviewed at least weekly. 3. Test documentation to verify that manual increases and decreases for player deposit accounts were reviewed. The review should include examination of all manual increases and decreases for accounts. Including, testing to verify that the adjustments are in accordance with procedures and were performed with proper authorization. The procedures for patron deposit accounts should identify whom may authorize the adjustments.
§ 543.24 (d)(7)		
543.24(d)(7)(i)(A-E)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(7) <i>Lines of credit.</i></p>	<p>Intent: To provide for the protection of assets and minimize the exposure to credit risk by review, reconciliations, and examinations of credit accounts, credit activity, and collection activity.</p> <p>Testing:</p>

	<p>(i) At least three (3) times per year, an agent independent of the cage, credit, and collection functions must perform the following review:</p> <p>(A) Select a sample of line of credit accounts;</p> <p>(B) Ascertain compliance with credit limits and other established credit issuance procedures;</p> <p>(C) Reconcile outstanding balances of both active and inactive (includes write-offs and settlements) accounts on the accounts receivable listing to individual credit records and physical instruments. This procedure need only be performed once per year for inactive accounts; and</p> <p>(D) Examine line of credit records to determine that appropriate collection efforts are being made and payments are being properly recorded.</p> <p>(E) For at least five (5) days during the review period, subsequently reconcile partial payment receipts to the total payments recorded by the cage for the day and account for the receipts numerically.</p>	<ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least three times per year review of credit accounts and credit and collection activities are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether the credit accounts and credit and collection activities were reviewed at least three times per year. Inquire with revenue audit personnel about their process for review of credit and for clarification (if needed) regarding documentation examined. 3. Test documentation to verify proper reviews were performed for credit accounts and credit and collections activity. Confirm an adequate sample of line of credit accounts were selected (sample should include active, inactive, and closed accounts and a range of authorized credit limits if possible). The review should include testing whether account activity complied with authorized credit limits and all other established credit issuance procedures for the selected sample. As part of the review, the outstanding balances of accounts on the accounts receivable listing should be reconciled to individual accounts and physical instruments (reconciliation only needs to be performed once per year for inactive accounts). The reconciliation should verify the A/R listing was updated to reflect any write-offs and/or settlements authorized during the period under review. The reconciliation should be limited to the selected sample, but also include examples of write-offs and/or settlements if any occurred. The review should also include verification that appropriate collection efforts are performed and payments are properly recorded for the sample of credit accounts tested. If the selected sample does not include accounts in a collections or patron payment
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		<p>agreement status, the sample should be expanded to include a sample of such accounts if any are present. Finally, the review should include a reconciliation of all partial payment receipts to the payments recorded by the cage for the day for a minimum of five days during each review period with the receipts numerically accounted for.</p> <p>Best Practice: The sample size selected for review varies depending on the level of credit activity for the Gaming Operation. However, a 5-15% sample of credit accounts for each of the three reviews within the year is the average. As suggested above, the sample should include accounts in a variety of statuses for an effective review.</p>
543.24(d)(7)(ii)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p><i>(7) Lines of credit.</i></p> <p>(ii) At least monthly, perform an evaluation of the collection percentage of credit issued to identify unusual trends.</p>	<p>Intent: To provide for the protection of assets and minimize the exposure to credit risk by evaluation of collection percentage of issued credit.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least monthly evaluation of credit collection are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether the credit collection percentage was evaluated at least monthly. 3. Test documentation to verify that an evaluation of the collection percentage of credit issued to identify unusual trends was performed. The monthly collection percentage should be calculated by: <ul style="list-style-type: none"> • The total of collections in areas other than the pit

		<ul style="list-style-type: none"> • Divided by the sum of: • Pit marker credit issues and Cage credit issues. <p>The collection percentage for the month should be reviewed and compared to previous monthly percentages to identify unusual trends. Any unusual trends detected should be brought to the attention of management, as applicable, to determine the cause and whether any changes need to be made in credit authorization and issuance processes.</p> <p>Best practice: If available, year-to-date, life-to-date, and rolling 12 month-to-date percentages may be used for additional analysis in the monthly evaluation.</p>
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§ 543.24 (d)(8)

<p>543.24(d)(8)(i)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(8) <i>Drop and count.</i></p> <p>(i) At least quarterly, unannounced currency counter and currency counter interface (if applicable) tests must be performed, and the test results documented and maintained. All denominations of currency and all types of cash out tickets counted by the currency counter must be tested. This test may be performed by internal audit or the TGRA. The result of these tests must</p>	<p>Intent: To provide for the protection of assets and verify count equipment is functioning properly.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least quarterly unannounced currency counter and currency counter interface (if applicable) are established and implemented. 2. For selected test period, examine revenue audit’s documentation to determine whether the currency counter and currency counter interface (if applicable) were tested (unannounced) at least quarterly. 3. Test documentation to verify unannounced tests of currency counter(s) and the currency counter interface (if applicable) were performed. Confirm documentation verifies testing was
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	<p>be documented and signed by the agent(s) performing the test.</p>	<p>performed to include all currency counters used to count the drop and the communication of the test count to the accounting system through the currency counter interface (if applicable) and is signed by the agent(s) who performed the test. The test(s) should include all denominations of currency and all types of cash out tickets counted by the equipment. Testing for tickets should be based on the capability of the counter(s), either by number of tickets or by amount of each ticket. Document the testing of the interface, confirm the amount tested by the counter(s), traced to the casino accounting system and verified for accuracy. Note: an interface can be through direct wire, wireless, or storage media data transmission.</p> <p>Best Practice: Typically, the physical performance of tests for count equipment are performed by count team staff with revenue audit functioning as an observer. The standard allows this test to be performed by internal audit or the TGRA, but consider independence standards when testing compliance of this standard for internal audit.</p>
543.24(d)(8)(ii)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(8) <i>Drop and count.</i></p> <p>(ii) At least quarterly, unannounced weigh scale and weigh scale interface (if applicable) tests must be performed, and the test results</p>	<p>Intent: To provide for the protection of assets and verify count equipment is functioning properly by unannounced testing of weigh scale(s) and the weigh scale interface (if applicable).</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least quarterly unannounced weigh scale and weigh scale interface (if applicable) are established and implemented.

	<p>documented and maintained. This test may be performed by internal audit or the TGRA. The result of these tests must be documented and signed by the agent(s) performing the test.</p>	<ol style="list-style-type: none">2. For selected test period, examine revenue audit's documentation to determine whether unannounced weigh scale and weigh scale interface (if applicable), tests were completed at least quarterly.3. Test documentation to verify unannounced tests of weigh scale(s) and the weigh scale interface (if applicable) were performed. Confirm documentation is adequate to verify testing was performed to include all weigh scales used to count the drop and the communication of the test count to the accounting system through the weigh scale interface (if applicable) and is signed by the agent(s) who performed the test. The test(s) should include all denominations of coin and tokens counted by the equipment. Documented testing for the interface should be performed by confirming the amount tested by the weigh scale(s) was traced to the casino accounting system and verified for accuracy. Note: an interface can be through direct wire, wireless, or storage media data transmission. <p>Best Practice: Typically, the physical performance of tests for count equipment are performed by count team staff with revenue audit functioning as an observer. The standard allows this test to be performed by internal audit or the TGRA, but consider independence standards when testing compliance of this standard for internal audit.</p>
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<p>543.24(d)(8)(iii)(A-C)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(8) <i>Drop and count.</i></p> <p>(iii) For computerized key security systems controlling access to drop and count keys, perform the following procedures:</p> <p>(A) At least quarterly, review the report generated by the computerized key security system indicating the transactions performed by the individual(s) that adds, deletes, and changes users' access within the system (i.e., system administrator). Determine whether the transactions completed by the system administrator provide adequate control over the access to the drop and count keys. Also, determine whether any drop and count key(s) removed or returned to the key cabinet by the system administrator was properly authorized;</p> <p>(B) At least quarterly, review the report generated by the computerized key security system indicating all transactions performed to determine whether any unusual drop and count key removals or key returns occurred; and</p> <p>(C) At least quarterly, review a sample of users that are assigned access to the drop and count</p>	<p>Intent: To provide for the protection of assets and verify sensitive drop and count keys are properly secured by review of reports, transactions, and access to drop and count keys from the computerized key security system(s).</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least quarterly review of reports, transactions, and access for the computerized key security system(s) controlling access to drop and count keys are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether the reports, transactions, and access to the computerized key security system(s) that controls access to drop and count keys were reviewed at least quarterly. 3. Test documentation to verify computerized key security system's reports, transactions, and access to drop and count keys are reviewed. <p>Activity and/or transaction reports for agent(s) with administrative rights (system administrator(s)) to the computerized key security system should be reviewed to verify whether their transactions provide adequate control over access to the drop and count keys, such as: ensuring access is restricted to appropriate personnel, establishing accountability for drop and count keys, setting system parameters to require presence of appropriate number of personnel to check-out/check-in keys, etc. In addition, the reports and supporting documents should be reviewed to verify proper authorization for any drop and count key(s) removed and/or</p>
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	<p>keys to determine that their access to the assigned keys is appropriate relative to their job position.</p>	<p>returned by system administrator(s), such as transactions for: replacing broken keys, retagging key rings, replacing key fobs, etc.</p> <p>Report(s) including all drop and count key transactions performed for the computerized key security system should be reviewed to identify any unusual removals and/or returns of drop and count keys to determine the cause, such as: emergency drops, early or late start of drop and/or count, drop due to equipment removal, etc., and if such access was appropriate and authorized.</p> <p>A key access listing report should be examined to select a sample of users who are assigned access to the drop and count keys and with an active employee listing, a review should be performed to verify access is appropriate to their job position. In addition, assigned access to drop and count keys by terminated and/or transferred employees should be tested to confirm access to drop and count keys is properly maintained.</p>
<p>543.24(d)(8)(iv)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(8) <i>Drop and count.</i></p> <p>(iv) At least quarterly, an inventory of all controlled keys must be performed and reconciled to records of keys made, issued, and destroyed. Investigations must be performed for all keys unaccounted for, and the investigation documented.</p>	<p>Intent: To provide for the protection of assets and verify accurate accounting for sensitive drop and count keys.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least quarterly inventory of controlled keys, reconciliation to records, and documentation of investigations are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine if the at least quarterly inventory of controlled keys, reconciliation to records, and documentation of investigations (if applicable) was completed.

		<p>3. Test documentation to verify a physical inventory of all controlled keys was performed and reconciled to records of keys made (or ordered from a vendor), issued, and destroyed. If any keys were unaccounted for, verify an investigation was performed and documented. After the initial key inventory is performed at the gaming operation, a perpetual inventory for controlled keys should be maintained with adjustments for keys made/ordered (additions), keys removed/destroyed (subtractions), and keys issued (usually reflected as a change of location) using key records for the quarter. On a quarterly basis, a physical inventory count should be performed to confirm the updated perpetual key inventory based on the key records. If any keys are physically unaccounted for, an investigation must be performed and documented to determine the cause and the level of increased risk due to the unaccounted for key(s). If the risk is substantial, the Gaming Operation may want to consider a re-keying process for the locks of the key(s) that were unaccounted for.</p>
<p>§ 543.24 (d)(9)</p>		
<p>543.24(d)(9)(i)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(9) <i>Cage, vault, cash, and cash equivalents.</i></p> <p>(i) At least monthly, the cage accountability must be reconciled to the general ledger.</p>	<p>Intent: To ensure accurate accounting of assets held at the cage and verify accuracy of financial records</p> <p>Testing:</p> <p>1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least monthly reconciliation of the cage accountability to the general ledger are established and implemented.</p>

		<ol style="list-style-type: none"> 2. For selected test period, examine revenue audit's documentation to determine whether the cage accountability was reconciled to the general ledger at least monthly. 3. Test documentation to verify that a reconciliation of the cage accountability to the general ledger was performed. Confirm documentation verifies the amount(s) from the cage accountability records were traced to the general ledger account(s). If any amounts do not reconcile, confirm Auditing Revenue inquired with accounting personnel to determine the cause.
543.24(d)(9)(ii)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(9) <i>Cage, vault, cash, and cash equivalents.</i></p> <p>(ii) At least monthly, trace the amount of cage deposits to the amounts indicated in the bank statements.</p>	<p>Intent: To provide for the protection of assets and verify cage deposits are accurately recorded by the Gaming Operation and financial institution.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least monthly tracing of the amount of cage deposits to the bank statement(s) are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether the cage deposits were traced to the bank statement(s) at least monthly. 3. Test documentation to verify a tracing of cage deposits to the bank statement(s) was performed. Confirm documentation verifies the amount(s) from the cage deposits were traced to the amount of deposits indicated in the bank statements. If any amounts do not trace, confirm inquiry was made with accounting personnel to determine the cause.

<p>543.24(d)(9)(iii)(A-B)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(9) <i>Cage, vault, cash, and cash equivalents.</i></p> <p>(iii) Twice annually, a count must be performed of all funds in all gaming areas (i.e. cages, vaults, and booths (including reserve areas), kiosks, cash-out ticket redemption machines, and change machines). Count all chips and tokens by denomination and type. Count individual straps, bags, and imprest banks on a sample basis. Reconcile all amounts counted to the amounts recorded on the corresponding accountability forms to ensure that the proper amounts are recorded. Maintain documentation evidencing the amount counted for each area and the subsequent comparison to the corresponding accountability form. The count must be completed within the same gaming day for all areas.</p> <p>(A) Counts must be observed by an individual independent of the department being counted. It is permissible for the individual responsible for the funds to perform the actual count while being observed.</p> <p>(B) Internal audit may perform and/or observe the two counts.</p>	<p>Intent: To provide for the protection of assets and verify gaming area accountabilities are properly accounted for and accurately recorded.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the twice annual count of all gaming areas and reconciliations to corresponding accountability forms, with evidencing documentation maintained, are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether the count of all gaming areas and reconciliations to corresponding accountability forms was completed at least twice per year. 3. Verify that physical counts were performed for all gaming areas and all amounts counted are traced to the amount recorded on the appropriate accountability form. Counts should be performed by counting all chips and tokens by denomination and type and count of individual straps, bags, and imprest banks on a sample basis. The sample size should be weighted by value and risk, where higher denominations or amount are counted more frequently than lower denominations or amount. The maintained documentation for the counts should reflect the amount counted for each area and that it was compared to the corresponding accountability form. The count is to be completed within the same gaming day for all areas. Observation of counts must be by personnel independent of the area/department being counted and it is preferred that the individual responsible for the funds perform the actual count. An independent accountant may be used to perform (observe) the counts.
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		<p>Best practice: The standard allows the counts to be performed and/or observed by internal audit, but consider independence standards when testing compliance of this standard for internal audit.</p>
<p>543.24(d)(9)(iv)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(9) <i>Cage, vault, cash, and cash equivalents.</i></p> <p>(iv) At least annually, select a sample of invoices for chips and tokens purchased, and trace the dollar amount from the purchase invoice to the accountability document that indicates the increase to the chip or token inventory to ensure that the proper dollar amount has been recorded.</p>	<p>Intent: To provide for the protection of assets and verify the chip and token accountability is accurately updated to reflect purchases.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the at least annual tracing of a sample of invoices, for chips and tokens purchased, to the accountability document(s) are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine whether a sample of invoices, for chips and tokens purchased are traced to the accountability document(s) at least annually. 3. Test documentation to verify that a sample of invoices for chip and token purchases are traced to the accountability document(s). The documentation should reflect that the dollar amount (total face value of the chips or tokens) from each invoice selected is traced to the accountability document indicating the increase to the chip or token inventory to ensure accurate recording. <p>Best Practice: If chip and token purchases do not occur often, it is suggested to trace all purchase invoices.</p>

<p>543.24(d)(9)(v)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(9) <i>Cage, vault, cash, and cash equivalents.</i></p> <p>(v) At each business year end, create and maintain documentation evidencing the amount of the chip/token liability, the change in the liability from the previous year, and explanations for adjustments to the liability account including any adjustments for chip/token float.</p>	<p>Intent: To ensure accurate accounting of the chip/token liability and verify accuracy of financial records by creating documentation for the liability, change from the prior year and explanations for increases/decreases to the liability account.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures for the business year-end creating documentation for the chip/token liability, change from the prior year, and explanations for increases/decreases to the liability account are established and implemented. 2. For selected test period, examine revenue audit's documentation to determine if documentation for the chip/token liability change from the prior year and explanations for increases/decreases to the liability account was created at business year-end and maintained. 3. Test documentation to verify documentation is created and maintained to evidence the business year-end amount of the chip/token liability, the change from the prior year, and the explanations for increases/decreases to the liability account including any adjustments for chip/token float. The chip/token liability should reflect the amount of outstanding chips and tokens, at business year-end, held by patrons, which would need to be honored by the Gaming Operation when redeemed. The change in liability would be the difference from the current year-end's and previous year-end's liability. Adjustments may be made if it is known that a patron will not redeem the chips or tokens, such as for discontinuation/retirement of a chip/token series. A chip/token float may be utilized to reflect a percentage of chips and tokens being kept as souvenirs, which will never be
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redeemed. When a chip/token float is used, an adjustment is made to the Annual Float for the difference between the current and prior year's Adjusted Float.

Best Practice: Most gaming operations that utilize a chip/token float use the Eldorado Method to calculate the Adjusted Float, which is calculated as follows:

1. Determine the total value of chips and tokens in active circulation.
2. Subtract the value of chips and tokens in the custody or under the control of the house as determined in accordance with normal counting procedures (including tokens in the Casino's slot machines).
3. Subtract the value of outstanding chips and tokens in denomination of \$100 or more.
4. Subtract the adjustment for chips and tokens in denominations of less than \$100 (the "Small Denomination Adjustment"). The Small Denomination Adjustment may be determined by either of the following alternative methodologies:

The Experience Method (Alternative 1): The Small Denomination Adjustment shall be determined as the sum of items (a) and (b).

a) The value of chips and tokens of denominations of less than \$100 in patrons' hands determined by accrual or observable count as of the Computation Date.

b) The value of total chip returns in denominations of less than \$100 over the one-week period immediately following the Computation Date and

		<p>the value of total token returns in denominations of less than \$100 over the two-week period immediately following the Computation Date that are received by the Casino.</p> <p><i>The Percentage Method (Alternative 2):</i> The Small Denomination Adjustment shall be determined as the sum of items (a), (b), and (c) as applied to chips and tokens (other than souvenir chips and tokens):</p> <ul style="list-style-type: none"> a) 75% of the value of outstanding chips and tokens in denomination of \$10 or greater but less than \$100; b) 35% of the value of outstanding chips and tokens in denominations of \$5 or greater but less than \$10; c) 10% of the value of chips and tokens of denominations of less than \$5.
543.24(d)(9)(vi)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(9) <i>Cage, vault, cash, and cash equivalents.</i></p> <p>(vi) At least monthly, review a sample of returned checks to determine that the required information was recorded by cage agent(s) when the check was cashed.</p>	<p>Intent: To provide for the protection of assets and verify that required information was recorded for cashed checks.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures are established and implemented for the at least monthly review of a sample of returned checks. 2. For selected test period, examine revenue audit's documentation for the at least monthly review of a sample of returned checks. <p>Test documentation to verify that a sample of returned checks was reviewed to confirm the cage agent(s) recorded the required information when the check was cashed. Consult the</p>

		<p>cage's check cashing procedures to determine the information required to be recorded. If the returned check was guaranteed by a 3rd party who refused to reimburse the Casino due to failure to follow recording procedures, compliance with the vendor's procedures should be part of the review. Any instances where the required information was not recorded should be brought to the attention of cage management for corrective actions.</p>
<p>543.24(d)(9)(vii)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(9) <i>Cage, vault, cash, and cash equivalents.</i></p> <p>(vii) At least monthly, review exception reports for all computerized cage systems for propriety of transactions and unusual occurrences. The review must include, but is not limited to, voided authorizations. All noted improper transactions or unusual occurrences identified must be investigated and the results documented.</p>	<p>Intent: To provide for the protection of assets and verify cage transactions are properly performed.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures are established and implemented for the at least monthly review of exceptions reports from computerized cage systems. 2. For selected test period, examine revenue audit's documentation to verify that exception reports from computerized cage systems were reviewed at least monthly. 3. Test documentation to verify that exception reports from all computerized cage systems were reviewed for propriety of transactions and unusual occurrences. The review documentation should include confirmation that transactions identified as exceptions by the cage systems were properly verified and authorized. The review must include, but not be limited to, voided transactions. All transactions determined to be improper or unusual occurrences should be investigated with the results documented, including whether management

		and/or department notification was required for corrective actions.
543.24(d)(9)(viii)	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(9) <i>Cage, vault, cash, and cash equivalents.</i></p> <p>(viii) Daily, reconcile all parts of forms used to document increases/decreases to the total cage inventory, investigate any variances noted, and document the results of such investigations.</p>	<p>Intent: To provide for the protection of assets and verify cage transactions are properly recorded.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures are established and implemented for the daily reconciliation of all parts of forms used to document increases/decreases to the total cage inventory. 2. For selected test period, examine revenue audit's documentation to determine whether the daily reconciliation of all parts of forms used to document increases/decreases to the total cage inventory was completed. 3. Test documentation to verify that all parts of forms used to document changes to the total cage inventory were reconciled. The documentation should reflect that revenue audit agent(s) verified that all parts of forms included required transaction information. The reconciliation should identify any variances between the forms and the total cage inventory. For any variances identified, an investigation should be performed with the results documented, including whether management and/or department was notified for corrective actions.
§ 543.24 (d)(10)		

<p>543.24(d)(10)(i)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(10) <i>Inventory.</i></p> <p>(i) At least monthly, verify receipt, issuance, and use of controlled inventory, including, but not limited to, bingo cards, pull tabs, playing cards, keys, pre-numbered and/or multi-part forms.</p>	<p>Intent: To provide for the protection of assets and verify controlled inventory is properly monitored.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures are established and implemented for the at least monthly verification of receipt, issuance, and use of controlled inventory. 2. For selected test period, examine revenue audit’s documentation to determine whether receipt, issuance, and use of controlled inventory are verified at least monthly. 3. Test documentation to confirm receipt, issuance, and use of controlled inventory is verified. The verification should include, but not be limited to, controlled inventory, such as bingo cards, pull tabs, playing cards, keys, pre-numbered and/or multi-part forms. Verifications should be performed on all documentation where misuse presents a risk of loss to gaming operation assets. Controlled inventory should be monitored from when it is received until it is properly used or destroyed. If any controlled inventory is determined to be missing or not properly accounted for, management and/or the department should be notified for corrective actions and to determine the level of risk exposure. <p>Best Practice: Perpetual inventory logs are an effective tool to track and monitor controlled inventory. To increase their effectiveness, multiple logs may be maintained for the same type of inventory for each area it is stored from receipt until it is issued/used or returns to accounting as a completed document.</p>
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<p>543.24(d)(10)(ii)</p>	<p>Controls must be established and procedures implemented to audit of each of the following operational areas:</p> <p>(10) <i>Inventory.</i></p> <p>(ii) Periodically perform minimum bankroll calculations to ensure that the gaming operation maintains cash in an amount sufficient to satisfy the gaming operation's obligations.</p>	<p>Intent: To provide for the protection of assets (reputation) and verify the Gaming Operation is able to meet their obligations to their patrons by calculation of minimum bankroll.</p> <p>Testing:</p> <ol style="list-style-type: none"> 1. Review TICS and/or SICS to confirm controls and revenue audit procedures are established and implemented for the periodic calculation of minimum bankroll. Determine how often the calculation is performed. 2. For selected test period, examine revenue audit's documentation to determine whether and when the minimum bankroll was calculated. 3. Test documentation to confirm that minimum bankroll is being calculated to ensure the gaming operation maintains cash in an amount sufficient to satisfy their obligations to patrons. Determine whether (1) the calculation was performed correctly, (2) documentation supports the amounts used, and (3) gaming operation has sufficient cash on hand. The gaming operation may establish its own minimum bankroll formula or use the NIGC's.
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Version 1.0

NIGC Training Division

National Indian Gaming Commission

Training Manager
Training Program