

§ 542.14 What are the minimum internal control standards for the cage?

(a) *Computer applications.* For any computer applications utilized, alternate documentation and/or procedures that provide at least the level of control described by the standards in this section, as approved in writing by the Tribal gaming regulatory authority, will be acceptable.

Justification: Based on previous MICS audits, gaming operations do not always obtain specific approval of computer applications being utilized. Adding the words “in writing” will require documentation of TGRA approval.

(b) *Personal checks, cashier's checks, traveler's checks, payroll checks, and counter checks.*

Comment (July): Propose separate subsections by check type.

Response: Disagree. The standards do not differ substantially by check type. Separate subsections would be largely redundant.

(1) If personal checks, cashier's checks, traveler's checks, payroll checks or counter checks are cashed at the cage, ~~the Tribal gaming regulatory authority, or the gaming operation as approved by the Tribal gaming regulatory authority, shall establish and the gaming operation shall comply with appropriate controls for purposes of security and integrity.~~ for each check cashing transaction, the cage cashier shall:

Comment (July): Removal of the phrase gives the appearance of transfer of authority from the TGRA to the Commission.

Response: Disagree, but defer to the judgment of the Committee. However, we suggest modifying the phrase to include a recommendation that the TGRA approve the controls established by the gaming operation. Consequently, it would be left to the discretion of the TGRA to determine whether the risk associated with a control established by the gaming operation warrants regulatory review.

Comment (July): Replace “the cage cashier shall:” with “which at a minimum shall include:”

Response: Agree.

Revised proposal as a result of July comments:

(1) If personal checks, cashier's checks, traveler's checks, payroll checks, or counter checks are cashed at the cage, the Tribal gaming regulatory authority, or the gaming operation ~~as approved by the~~ (Tribal gaming regulatory authority approval recommended) shall establish and ~~the gaming operation shall~~ comply with appropriate controls for purposes of security and integrity, which at a minimum shall include the following:

Comment (October): Move TGRA approval recommendation to §542.3 to encompass entire part.

Response: Agree. Revised accordingly.

Revised proposal as a result of October comment:

(1) If personal checks, cashier's checks, traveler's checks, payroll checks, or counter checks are cashed at the cage, ~~the Tribal gaming regulatory authority, or~~ the gaming operation ~~as approved by the Tribal gaming regulatory authority~~ shall establish and ~~the gaming operation shall~~ comply with appropriate controls for purposes of security and integrity, which at a minimum shall include the following:

Comment (December): The proposed language is a stated procedure rather than a standard addressing a purpose. Revise as follows “(1) If personal checks, cashier's checks, traveler's checks, payroll checks or counter checks are cashed at the cage, management shall establish policies and procedures, subject to approval by the TGRA, which shall contain at a minimum appropriate controls for purposes of security and integrity for each check cashing transaction. (e.g. verification of customer's identity, check examination, record 'account on file', etc.”, and strike (b) (1) (i) – (b) (iii).

Response: Disagree with the proposed revision stating that the control is subject to TGRA approval. A statement has been added in section 542.3 that recommends that all policies and procedures created by management and resulting from the MICS be subject to TGRA review and approval.

Agree with the proposed revision highlighting that the standard represents a minimum control. Revised accordingly.

Revised proposal as a result of December comment:

(1) If personal checks, cashier's checks, traveler's checks, payroll checks, or counter checks are cashed at the cage, ~~the Tribal gaming regulatory authority, or~~ the gaming operation ~~as approved by the Tribal gaming regulatory authority~~ shall establish and ~~the gaming operation shall~~ comply with appropriate controls that, at a minimum, provide for purposes of security and integrity. For each check cashing transaction, the minimum controls shall include the following:

(i) Verify the customer's identity by examining an identification credential (e.g. driver's license) or other method to ensure the customer's identity. The identification credential information shall be documented on the check unless the information is maintained elsewhere. In such cases, record "Account on file" on the check as the verification source and results.

(ii) Examine the check to ensure it includes the customer's name, current address, and signature.

(iii) For personal checks, verify the customer's check cashing authority and record the source and results in accordance with management policy.

(iv) It is recommended that a reasonable effort be made to verify the business authenticity of payroll checks and the authenticity of cashier checks.

(v) If a check guarantee service is used to guarantee payment and the procedures required by the check guarantee service are followed, then the above requirements do not apply.

Justification: Proposed additions to the standards more clearly delineate the identification and authorization requirements for check-cashing. It is proposed that the requirement that gaming operations establish and comply with appropriate controls for purposes of security and integrity be removed from the MICS due to a lack of specificity and the determination that such responsibility should be reserved for the TGRA. Finally, it is proposed that use of a check guarantee service to guarantee payment will exempt transactions from the above requirements.

Comment (July): Strike (b) (1) (iv) as vague and not enforceable.

Response: Agree. Strike (b) (1) (iv).

Comment (July): Replace the general term “payment” with the more specific “the transaction”.

Response: Agree. Becomes (b) (1) (iv) after striking the preceding paragraph.

Revised proposal as a result of July comments:

~~**(iv) It is recommended that a reasonable effort be made to verify the business authenticity of payroll checks and the authenticity of cashier checks.**~~

Note: (v) becomes (iv)

~~**(iv) (v) If a check guarantee service is used to guarantee the transaction and the procedures required by the check guarantee service are followed, then the above requirements do not apply.**~~

~~**(2) The Tribal gaming regulatory authority, or the gaming operation as approved by the Tribal gaming regulatory authority, shall establish and the gaming operation shall comply with procedures for the acceptance of personal checks, collecting and recording checks returned to the gaming operation after deposit, re-deposit, and write-off authorization.**~~

Justification: It is proposed that the above standard be removed from the MICS because more specific requirements for the acceptance of checks are contained in the proposed (b)(1) and requirements for collecting and recording checks returned to the gaming operation, re-deposit, and write-off authorization are located in the Credit section.

~~(2)~~-(3) When counter checks are issued, the following shall be included on the check:

- (i) The customer's name and signature;
- (ii) The dollar amount of the counter check (both alpha and numeric);
- (iii) Customer's bank name and bank **routing and** account numbers;
- (iv) Date of issuance; and
- (v) Signature ~~or initials~~ of the person approving the counter check transaction.

Justification: Inclusion of the requirement for the routing and account number of the counter check is intended to clarify the minimum documentation necessary. Requiring the signature, rather than just initials, of the employee approving the counter check transaction will ensure that the employee can be more readily identified for audit purposes.

Comment (July): Retain “or initials”. Initials are usually more legible than a signature.

Response: Disagree. The signature, which is a more unique identifier than initials, is needed to confirm the identity of the employee authorizing the transaction.

Comment (July): Insert phrase “and legible employee ID number” after “Signature”.

Response: Disagree. It is left to the discretion of the TGRA to require a legible employee ID number in addition to the minimum signature requirement.

Comment (December): The proposed language is a stated procedure rather than a standard addressing a purpose. Strike paragraph (b) (2) in its entirety.

Response: Disagree. The standard is intended to codify the minimum controls necessary to ensure the integrity of processing counter checks.

(3) Personal checks, payroll checks, and counter checks that are not deposited in the normal course of business (held checks) are subject to Section 542.15 Credit standards.

Justification: The addition of this standard is to clarify that if a check is not deposited in a timely manner, it is treated as a credit instrument subject to credit control standards.

Comment (July): Insert “as established by management” after “normal course of business”.

Response: Agree. Revised accordingly.

Revised proposal as a result of July comment:

(3) Personal checks, payroll checks, and counter checks that are not deposited in the normal course of business as established by management (held checks) are subject to §542.15 Credit standards.

(4) When traveler's checks or other guaranteed drafts such as cashier's checks are presented, the cashier shall comply with the examination and documentation procedures as required by the issuer.

(c) *Customer deposited funds.* If a gaming operation permits a customer to deposit funds **for safekeeping and/or front money purposes** with the gaming operation at the cage, the following standards shall apply. **These standards also apply when transfers are made from such deposit accounts to a wagering account resulting in the funds being transferred to a gaming area for wagering purposes.**

Justification: The addition of the wording serves to clarify the types of accounts to which the following standards apply. It is worth noting that the use of customer wagering accounts has become more prevalent in the industry since the last revision of the MICS.

(1) The receipt or withdrawal of a customer deposit shall be evidenced by at least a **completed** two-part document with one copy **going given** to the customer and one copy remaining in the cage **file.**

Justification: The addition of the word completed provides clarification of the standard. The deletion of the word “file” is intended to clarify that the two-part receipt may be kept in something other than a file.

Comment (July): Add clarification regarding cage copy retention period.

Response: Disagree. Document retention is adequately addressed elsewhere in this Part (Section 542.19(k)).

(2) ~~The multi-part~~ **Each of the two parts of the sequentially-numbered** receipt shall contain the following information:

Justification: The modification of the description of the receipt provides clarification that the information is required on both parts of the form.

- (i) Same receipt number on **all copies each copy;**
- (ii) Customer's name and signature;
- (iii) Date of receipt and withdrawal;
- (iv) Dollar amount of deposit/withdrawal; **(for foreign currency transactions include the US dollar equivalent, the name of the foreign country, and the amount of the foreign currency by denomination);**

Justification: The addition of language requiring the US equivalent of foreign currency as well as additional information regarding the country of origin and type of foreign currency will permit recalculation of the amount deposited or withdrawn and emphasize that the transaction involved other than US currency.

- (v) Nature of deposit/**withdrawal** (cash, check, chips); **however, and**
- (vi) **Employee's name and signature who conducted the transaction.**

Justification: The addition of the word "withdrawal" clarifies that the standard is applicable to both deposit and withdrawal transactions. The addition of the requirement for the employee's name and signature facilitates identification of the employee who conducted the transaction should the need arise.

Note: On review, (c) (3) (vi) revised to improve readability.

Revised proposal (as per not).

(vi) Name and signature of employee who conducted the transaction.

~~(vi) Provided all of the information in paragraph (c) (2) (i) through (v) is available, the only required information for all copies of the receipt is the receipt number.~~

Justification: The removal of the above standard will cause all information to be on the receipt, which facilitates the retrieval of all information surrounding the transaction should the need arise. Additionally, the revision will ensure that the customer has a complete record of the transaction.

~~(3) The Tribal gaming regulatory authority, or the gaming operation as approved by the Tribal gaming regulatory authority, shall establish and the gaming operation shall comply with procedures that: The following procedures shall be established and complied with for front money deposits:~~

- (i) Maintain a detailed record by customer name and date of all funds on deposit;
- (ii) Maintain a current balance of all customer ~~cash~~ deposits that are in the cage/vault inventory or accountability; and
- (iii) Reconcile this current balance with the deposits and withdrawals at least daily.

Justification: The recommended change is to clarify that the current balance of all customer deposits maintained will include non-cash deposits.

~~(4) The gaming operation, as approved by the Tribal gaming regulatory authority, shall describe the sequence of the required signatures attesting to the accuracy of the information contained on the customer deposit or withdrawal form ensuring that the form is signed by the cashier.~~

Justification: The removal of the above standard from the MICS is proposed due to a lack of specificity and the determination that such responsibility should be reserved for the TGRA.

~~(5) All customer deposits and withdrawal transactions at the cage shall be recorded on a cage accountability form on a per-shift basis.~~

~~(6) Only cash, cash equivalents, chips, and tokens shall be accepted from customers for the purpose of a customer deposit.~~

~~(7) The Tribal gaming regulatory authority, or the gaming operation as approved by the Tribal gaming regulatory authority, shall establish and the gaming operation shall comply with procedures that verify the customer's identity, including photo identification.~~

~~(8) A file for customers shall be prepared prior to acceptance of a deposit.~~

Justification: The above standards (5) through (8) are proposed to be removed due to their redundancy with other controls contained in this section.

(d) Safe Deposit Boxes. (1) The issuance and closure of a customer's safe deposit box in the cage shall be evidenced by a document that includes the following

information:

Comment (July): A safe deposit box is not necessarily located in a gaming area.

Comment (July): The Commission lacks jurisdiction to extend safe deposit box control standards to non-gaming areas.

Response: Agree. These standards are intended to address control standards for safe deposit boxes in gaming areas. Safe deposit boxes in non-gaming areas will be specifically addressed in this subsection as a recommendation only (see new paragraph (d) (3)).

Comment (October): Replace "cage" with "gaming area".

Response: Agree. Modified accordingly.

Revised proposal as a result of July and August comments:

(1) The issuance and closure of a customer's safe deposit box in the gaming area shall be evidenced by a document that includes the following information:

(i) Safe deposit box number;

(ii) Date of issuance and closure;

(iii) Customer's name and signature;

(iv) Type of identification credential, credential number, expiration date of credential, and date credential was examined. The customer's driver's license is the preferred method for verifying customer identity. A passport, government issued identification, non-resident alien identification card, or another picture identification credential normally accepted as a means of identification when cashing checks, may also be used.

(v) Cashier's name and signature who issued or closed the safe deposit box.

Comment (July): Replace "Cashier" with "Employee" so that the standard includes both gaming and non-gaming areas.

Response: Disagree. The standard is applicable to gaming area safe deposit boxes, with only recommended application to non-gaming area safe deposit boxes.

Note: *On review, (d) (1) (v) revised to improve readability.*

Revised proposal as per note.

(v) Name and signature of cashier who issued or closed the safe deposit box.

Comment (December): For items (d) (i)-(v) of this section, the level of detail required significantly exceeds that of the check cashing section. Notably this section does not deal with cash accounting of gaming, but rather personal items of customers unknown to management or the TGRA. It represents no co-mingling of customer funds with casino funds or accountability, yet requires a much higher standard for customer credentials. The proposed language is a stated procedure rather than a standard addressing a purpose.

Response: Agree with the comment that the controls are more stringent than those applicable to check cashing. Revised accordingly.

Revised proposal as a result of December comment:

(iv) Verify the customer's identity by examining an identification credential (e.g. driver's license) or other method to ensure the customer's identity. The identification credential information shall be documented unless the information is maintained elsewhere. In such cases, record "Account on file" as the verification source and results ; and

(2) Procedures shall be established to maintain a detailed record of all cage/vault safe deposit boxes and the current status of each box (e.g. issued, not issued).

Justification: The addition of the above standard is designed to establish minimum internal controls specific to safe deposit boxes, which are a component of customer deposit transactions.

Revised proposal (d) (3)

(3) It is recommended that the preceding procedures for maintaining accurate records on the issuance and closure of safe deposit boxes also be adhered to in non-gaming areas.

~~(d)~~ (e) *Cage and vault accountability standards.* (1) All transactions that flow through the cage shall be summarized on a cage accountability form ~~on a per-shift basis~~ **for each of the cage's shifts** and shall be supported by documentation.

Justification: The proposed replacement of “on a per shift basis” with “for each of the cage’s shifts” clarifies that the standard applies to the cage’s shifts rather than the shifts of any other area of the gaming operation.

Comment (December): Retain the original language. This section of the MICS (542.14) are standards that apply to the cage. Therefore “on a per-shift basis” already applies to the cage and should be retained.

Response: Disagree that the original language be preserved but also recognize that the proposed revision fails to effectively address the objective of the revision. The MICS defines “shift” as being a period up to 24 hours, subject to concurrence by the TGRA. A 24 hour reconciliation period for the cage inventory would be impractical, since accountability for the inventory would have shifted from one person to another. However, a strict definition of eight hours, the most common time period, would be inappropriate for gaming operations that close for a portion of the business day and may have shifts extending past eight hours.

Revised proposal as a result of December comment:

(1) All transactions that flow through the cage shall be summarized on a cage accountability form ~~on a per-shift basis~~ **for each work shift of the cage** and shall be supported by documentation.

(2) Increases and decreases to the total cage inventory shall be supported by documentation. For any individual increase/decrease which exceeds \$100, documentation shall include the date and shift, the purpose of the increase/decrease.

the person(s) completing the transaction, and the person or department receiving the cage funds (for decreases only).

Justification: The above standard is proposed to ensure increases and decreases to the cage inventory are appropriately documented to facilitate subsequent audit.

Comment (July): The \$100 threshold could be perceived as a variance threshold.

Response: Disagree. It is sufficiently clear that the more specific documentation standards apply to increases and decreases more than \$100.

Comment (July): Replace “purpose” with “itemization”.

Response: Disagree. Itemization fails to adequately document the purpose of the transaction and is unnecessary for audit purposes.

Comment (December): The language of this addition as written could be construed to apply to customer transactions, and in so doing, would completely overwhelm the ability of the cage to meet its overriding objective of promptly servicing customer transactions with documentation. If the intent is to address inter-department transactions, the same should be succinctly stated. The overall problem is that this new addition does not address a standard but rather proposes a procedure without sufficient limitation to allow efficient cage operation. Definitions of “total cage inventory,” “transaction,” and “increase/decrease” are needed to clarify the intent of this proposed standard and to what/how it applies.

The following language in Part 543 and should be incorporated herein as follows: “(2) Cash or cash equivalents exchanged between two persons must be counted independently by at least two persons and reconciled to the recorded amounts at the end of each shift or if applicable each session. Unexplained variances must be documented and maintained. Unverified transfers of cash or cash equivalents are prohibited.”

Response: Disagree that the proposed regulation is unclear with regard to even exchanges with patrons since such transactions have no impact on the total cage inventory. Even exchanges do not increase or decrease the cage inventory of cash and cash equivalents; however, certain patron transactions, such as front money deposits, do affect the cage inventory and should be summarized on the accountability form.

Inter-department transactions that are not even exchanges affect the cage inventory and should be accounted for; however, the proposed regulation is not limited to only inter-department transactions.

The proposed regulation should have no impact on the efficient operation of the cage since it does no more than codify accepted best practices that should be followed.

Agree that a definition of “total cage inventory” would be helpful and it will be added to Section 542.2.

Disagree that a definition of “transaction” is necessary. It represents a common term that does not warrant defining.

Agree that a definition of “cage inventory increases/decreases” might be helpful, which could include examples. The term will be added to Section 542.2.

Disagree with the recommended revision. It is unclear and could be interpreted to be applicable to even exchanges between two employees or a patron and an employee. Such transactions are numerous and requiring a second count would be inconsistent with industry practice.

~~(2)~~ **(3)** The cage and vault inventories (including coin rooms/vaults) ~~inventories~~ shall be counted by ~~the oncoming and outgoing cashiers~~ at least two persons, attested to by signature, and recorded in ink or other permanent form of recordation at the end of each shift during which activity took place (if no activity, at least once daily). Such documentation shall include the date and shift for which the count was performed.

Unverified transfers of cash and/or cash equivalents are prohibited.

Justification: The proposed revision to the above standard is to clarify the requirement and to enable persons other than the oncoming and outgoing cashiers to perform the end of shift count. Furthermore, the revision is intended to clarify that, if an inventory had no activity during a shift, no count is required; however, at a minimum, each inventory must be counted once per day.

Comment (July): Retain “the oncoming and outgoing cashiers” to replace “at least two persons”.

Response: Disagree. The change provides flexibility to the gaming operation in case of short staffing or other circumstances where both cashiers are not immediately available to perform the counts.

Comment (December): Restore the old language. The proposed language may be interpreted as not requiring any single employee to do the count, but allows for collusion and collaboration between co-workers on a single shift. The old language identified the specific interests of employees balancing their respective shifts and used this employee interest to assure integrity. The revised language is confusing and fails to consider basic good management protocol.

The following language is in Part 543 and should be incorporated herein as follows: “(3) Procedures must be established and implemented to control cash or cash equivalents in accordance with this section and based on the amount of the transaction. These procedures include, but are not limited to, counting and recording on an accountability form by shift, session or relevant time period the following:

- (i) Inventory, including any increases or decreases;
- (ii) Transfers;
- (iii) Exchanges, including acknowledging signatures or initials; and
- (iv) Resulting variances.”

Response: Agree with the comment that the old language is clearer, except that the term “cashier” should be eliminated. Change is necessary to resolve confusion if the property is not open 24 hours each business day.

Disagree with the need to add an additional section. The controls recommended are already addressed in above Sections (1) and (2).

Revised proposal as a result of December comment:

~~(2)~~ **(3)** The cage and vault inventories (including coin rooms/vaults) ~~inventories~~ shall be counted by ~~the oncoming and outgoing cashiers~~ at least two employees at the end of each work shift. These employees shall make individual counts for comparison for accuracy and maintenance of individual accountability. Such counts shall be recorded at the end of each shift during which activity took place. All discrepancies shall be noted and investigated. Unverified transfers of cash and/or cash equivalents are prohibited.

~~(3)~~ **(4)** The Tribal gaming regulatory authority, or the gaming operation (Tribal gaming regulatory authority approval recommended) ~~as approved by the Tribal gaming regulatory authority~~, shall establish and the gaming operation shall comply with a minimum bankroll formula to ensure the gaming operation maintains cash or cash equivalents (on hand and in the bank, if readily accessible) in an amount sufficient to

satisfy obligations to the gaming operation's customers as they are incurred. A suggested bankroll formula will be provided by the Commission upon request.

Note: Move TGRA approval recommendation to §542.3(d) list.

Revised proposal implementing note:

~~(3)~~ **(4)** The ~~Tribal gaming regulatory authority, or the~~ gaming operation ~~as approved by the Tribal gaming regulatory authority,~~ shall establish and ~~the gaming operation shall~~ comply with a minimum bankroll formula to ensure the gaming operation maintains cash or cash equivalents (on hand and in the bank, if readily accessible) in an amount sufficient to satisfy obligations to the gaming operation's customers as they are incurred. A suggested bankroll formula will be provided by the Commission upon request.

~~(e)~~ **(f)** *Chip and token standards.* The Tribal gaming regulatory authority, or the gaming operation **(Tribal gaming regulatory authority approval recommended)** ~~as approved by the Tribal gaming regulatory authority,~~ shall establish and the gaming operation shall comply with procedures for the receipt, inventory, storage, and destruction of gaming chips and tokens.

Note: Strike TGRA approval recommendation.

Revised proposal incorporating note:

~~(e)~~ **(f)** *Chip and token standards.* The ~~Tribal gaming regulatory authority, or the~~ gaming operation ~~as approved by the Tribal gaming regulatory authority,~~ shall establish and ~~the gaming operation shall~~ comply with procedures for the receipt, inventory, storage, and destruction of gaming chips and tokens.

~~(f) *Coupon standards.* Any program for the exchange of coupons for chips, tokens, and/or another coupon program shall be approved by the Tribal gaming regulatory authority prior to implementation. If approved, the gaming operation shall establish and comply with procedures that account for and control such programs.~~

Justification: The above standard is proposed for deletion because it lacks sufficient specificity and is redundant with other controls in this section.

(g) *Promotional Payouts, Drawings, and Giveaway Programs.* These standards apply to any payout resulting from a promotional payout, drawing, or giveaway program (e.g. paycheck wheels) disbursed by the cage department or any other department. Such payouts are associated with gaming activity or a promotional program to encourage customer participation in gaming activities. However, this section does not apply to programs that are addressed elsewhere in this Part.

Comment (July): The activities addressed in this subsection do not meet the IGRA definition of gaming activities, and thus are not subject to NIGC regulation. The entire subsection should be excluded.

Response: Disagree. Experience has demonstrated that the subject controls are warranted to protect such transactions from compromise. Furthermore, it has been determined that such minimum controls are generally required by the established gaming jurisdictions. Likewise, it is our belief that the proposed standards are not inconsistent with those of other gaming jurisdictions.

Comment (July): The subsection should include reference to the primary authority of the TGRA.

Response: Agree.

Revised proposal as a result of July Comments:

(g) *Promotional Payouts, Drawings, and Giveaway Programs.* These standards apply to any payout resulting from a promotional payout, drawing, or giveaway program (e.g. paycheck wheels) disbursed by the cage department or any other department.

Such payouts are associated with gaming activity or a promotional program to encourage customer participation in gaming activities. However, this section does not apply to programs that are addressed elsewhere in this Part.

Note: Move TGRA approval recommendation to §542.3(d) list.

Revised proposal incorporating note:

(g) Promotional Payments, Drawings, and Giveaway Programs. At a minimum, the following procedures shall apply to any payment resulting from a promotional payment, drawing, or giveaway program (e.g. paycheck wheels) disbursed by the cage department or any other department. Such payments are associated with gaming activity or a promotional program to encourage customer participation in gaming activities. However, this section does not apply to programs that are addressed elsewhere in this Part.

(1) The conditions for participating in promotional payouts, including drawings and giveaway programs, shall be prominently displayed or available for customer review at the gaming operation.

(2) Payouts of \$100 or more shall be documented at the time of the payout.

Documentation shall include the following:

(i) Date and time.

(ii) Dollar amount of payout or description of personal property (e.g. car).

(iii) Reason for payout (e.g. name of promotion).

(iv) Customer's name (drawings only).

(v) Signature(s) of the following number of employees verifying, authorizing, and completing the promotional payout with the customer:

(A) Two employee signatures for all payouts of \$100 or more; or

(B) For computerized systems that validate and print the dollar amount of the payout on a computer-generated form, only one employee signature is required on the payout form.

(vi) The required documentation may be prepared by an individual who is not a cage department employee as long as the required signatures are those of the employees completing the payout with the customer.

(3) For payouts that are less than \$100, documentation shall be produced to support the cage accountability. Such documentation may consist of a line item on a cage accountability document (e.g. “25 \$10 cash giveaway coupons = \$250).

Justification: The above standards are intended to identify minimum internal controls specific to cage transactions of a promotional nature. Experience has demonstrated the need to ensure procedures are established to account for the noted payouts and assure appropriate authorization and documentation.

Note (July): Subsequent discussion resulted in replacing the term “payout” used throughout this subsection with “payment”. “Payout” has a specific definition in this Part, which does not apply to this subsection.

Revised proposal incorporating note:

(g) Promotional Payments, Drawings, and Giveaway Programs. At a minimum, the following procedures (Tribal gaming regulatory approval recommended) shall apply to any payment resulting from a promotional payment, drawing, or giveaway program (e.g. paycheck wheels) disbursed by the cage department or any other department. Such payments are associated with gaming activity or a promotional

program to encourage customer participation in gaming activities. However, this section does not apply to programs that are addressed elsewhere in this Part.

Comment (December): Strike “or any other department” as overly inclusive.

Response: Agree that the reference to any other department lacks clarity and is overly inclusive. Standards within a section of the MICS are presumed, unless otherwise stated, to apply only to that section.

Revised proposal as a result of December comment:

(g) Promotional Payouts, Drawings, and Giveaway Programs. At a minimum, the following procedures (Tribal Gaming Regulatory approval recommended) shall apply to any payout resulting from a promotional payout, drawing, or giveaway program (e.g. paycheck wheels) disbursed by the cage department. Such payouts are associated with gaming activity or a promotional program to encourage customer participation in gaming activities. However, this section does not apply to programs that are addressed elsewhere in this Part.

(1) The conditions for participating in promotional payments, including drawings and giveaway programs, shall be prominently displayed or available for customer review at the gaming operation.

(2) Payments of \$100 or more shall be documented at the time of the payment.

Documentation shall include the following:

(i) Date and time.

(ii) Dollar amount of payment or description of personal property (e.g. car).

(iii) Reason for payment (e.g. name of promotion).

(iv) Customer's name (drawings only).

(v) Signature(s) of the following number of employees verifying, authorizing, and completing the promotional payment with the customer:

(A) Two employee signatures for all payments of \$100 or more; or

(B) For computerized systems that validate and print the dollar amount of the payment on a computer-generated form, only one employee signature is required on the payment form.

(vi) The required documentation may be prepared by an individual who is not a cage department employee as long as the required signatures are those of the employees completing the payment with the customer.

(3) For payments that are less than \$100, documentation shall be produced to support the cage accountability. Such documentation may consist of a line item on a cage accountability document (e.g. "25 \$10 cash giveaway coupons = \$250).

542.14 (h) Accounting/auditing standards have been moved to proposed 542.50 Revenue Audit..

~~(g) (h) Accounting/auditing standards.~~

~~Comment (July): Subsection (h) standards should be removed to section 542.19.~~

~~Response: Disagree. Inclusion of accounting/auditing standards specific to the cage within the cage section is consistent with the structure of the MICS. Section 542.19 contains general accounting standards which are specific to the Accounting Department.~~

~~Comment (July): The entire proposed additions to this subsection contain standards that are overly specific, impinging on TGRA authority.~~

~~Comment (July): The entire proposed additions to this subsection should be presented as recommended practices only.~~

~~Response: Disagree. To be effective, the MICS must be clear, concise and unambiguous. The need for specificity is directly related to the risk posed by the transactions or activities. Accounting and auditing standards are essential to the safeguarding of operational integrity and the protection of casino assets.~~

~~Comment (July): Replace all instances of “shall” in this subsection with “should”.~~

~~Response: Disagree. The intent of these standards is to identify only the minimum controls necessary to effectively account for the gaming activity. The regulations are not intended to define a comprehensive system of internal controls for the cage. Consequently, specificity relevant to the applicability of the rule is warranted.~~

~~(1) The cage accountability shall be reconciled to the general ledger at least monthly.~~

~~(2) A trial balance of gaming operation accounts receivable, including the name of the customer and current balance, shall be prepared at least monthly for active, inactive, settled or written-off accounts.~~

~~(3) The trial balance of gaming operation accounts receivable shall be reconciled to the general ledger each month. The reconciliation and any follow-up performed shall be documented, maintained for inspection, and provided to the Tribal gaming regulatory authority upon request.~~

~~(4) On a monthly basis an evaluation of the collection percentage of credit issued to identify unusual trends shall be performed.~~

~~Justification: The standards proposed for removal are applicable to credit and will be added to the Credit section.~~

~~(2) For one day each month, accounting/audit personnel shall trace the amount of cage deposits to the amounts indicated in the bank statements.~~

~~(3) For two days each year, a count shall 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. Do not include table inventories or~~

~~gaming machine hopper funds. Count all chips and tokens by denomination and type. Count individual straps, bags, and imprest banks on a sample basis. Trace all amounts counted to the amounts recorded on the corresponding accountability forms to ensure 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 shall be completed within the same gaming day for all areas.~~

~~Comment (July): Could be interpreted to allow the Commission to perform the comprehensive count if not performed by the gaming operation.~~

~~Response: Disagree. There is no provision in this standard that would allow the Commission to perform the count. The MICS are intended to identify the best practices of the gaming industry that have evolved over many decades. The applicability is relevant to gaming operation management, under the jurisdiction of the TGRA.~~

~~(i) Counts shall 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.~~

~~(ii) Internal audit may perform and/or observe the two counts.~~

~~Comment (July): Remove “perform and/or”. IA should be allowed only to observe.~~

~~Comment (July): Strike (h) (3) (ii). IA should have no involvement in the count.~~

~~Response: Disagree. Allowing internal audit to participate in the count provides flexibility to smaller gaming operations or in other circumstances where gaming operation staff are not available in sufficient numbers to complete the count in a timely manner. The standard also excuses the operation from re-performing the comprehensive count if previously performed by internal audit. The TGRA, as the primary regulatory authority, is not precluded from establishing a more stringent standard prohibiting performance and/or observation of the count by internal audit.~~

(4) 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 the proper dollar amount has been recorded.

(5) For 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.

(6) For one day each month, accounting/audit personnel shall review a sample of returned checks to determine that the required information was recorded by cage personnel when the check was cashed.

(7) Accounting/audit personnel shall review exception reports for all computerized cage systems (e.g., fill/credit systems) at least monthly for propriety of transactions and unusual occurrences. The review shall include, but is not limited to, voided authorizations. All noted improper transactions or unusual occurrences identified shall be investigated with the results documented.

(8) Monthly, accounting/audit personnel shall review all promotional payments, drawings, and giveaway programs to verify proper accounting treatment and proper win/loss computation.

(9) For all promotional payments, drawings, and giveaway programs the following documentation shall be maintained:

~~(i) Copies of the information provided to the customers describing the promotional payments, drawings, and giveaway programs (e.g., brochures, flyers).~~

~~(ii) Effective dates.~~

~~(iii) Accounting treatment, including general ledger accounts, if applicable.~~

~~(10) Monthly, accounting/audit personnel shall perform procedures to ensure that promotional payments, drawings, and giveaway programs are conducted in accordance with information provided to the customers.~~

~~(11) Daily, accounting/audit personnel shall 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.~~

~~Justification: The proposed additions are accounting/auditing controls that have become prevalent within the gaming industry since the last MICS revision.~~

~~Comment (December): Item (11) requires clarification; is this intended to apply to something specific or broadly to fill/credit slip, funds requested, etc. and if so, the same should be succinctly stated. The overall problem is that this new addition does not address a standard but rather proposes a procedure without sufficient limitation to allow efficient cage operation. A definition of "total cage inventory" is needed to clarify the intent of this proposed standard and to what/how it applies to "increase/decrease".~~

~~Response: Disagree that clarification is warranted. The standard codifies the common practice of matching multi-part forms to ensure that each part reflects the same information and has not been altered. The applicability is to all transactions that document an increase or decrease to the cage inventory. The control is necessary to ensure the integrity of the cage inventory and should have no material impact on the efficiency of the cage operation.~~

~~Agree that a definition of "total cage inventory" is worthwhile and same will be added to Section 542.2.~~

~~(5) (12) All cage auditing and credit accounting procedures and any follow-up performed shall be documented, maintained for inspection, and provided to the Tribal gaming regulatory authority upon request.~~

~~**Justification:** The replacement of “accounting” with “auditing” is to clarify that these standards apply to auditing procedures. The removal of “credit” is to clarify that credit procedures formerly contained in this section have been moved to the Credit section of the MICS.~~

~~(h) *Extraneous items.* The Tribal gaming regulatory authority, or the gaming operation (Tribal gaming regulatory authority approval recommended) **as approved by the Tribal gaming regulatory authority**, shall establish and the gaming operation shall comply with procedures to address the transporting of extraneous items, such as coats, purses, and/or boxes, into and out of the cage, coin room, count room, and/or vault.~~

~~**Note:** Strike TGRA approval recommendation.~~

~~*Revised proposal incorporating note:*~~

~~(h) *Extraneous items.* The gaming operation shall establish and comply with procedures to address the transporting of extraneous items, such as coats, purses, and/or boxes, into and out of the cage, coin room, count room, and/or vault.~~

Comment (December): The above paragraph should be replaced with the following: “The gaming operation shall establish, with the approval of the TGRA, procedures to address the transporting of extraneous items, which may include but is not limited to, coats, purses, and/or boxes, into and out of the cage, coin room, count room, vault, or other secure area.”

Response: Disagree with the proposed revision that it is necessary to note that the control is subject to TGRA approval. In section 542.3 a statement has been added that recommends that all policies and procedures created by management and resulting from the MICS be subject to TGRA review and approval.

Agree with the proposed revision, except for the reference to the TGRA. The following reflects an amended proposed standard:

Revised proposal as a result of December comment:

(h) *Extraneous items.* The gaming operation shall establish and comply with procedures to address the transporting of extraneous items, which may include but is not limited to, coats, purses, and/or boxes, into and out of the cage, coin room, count room, vault, or other secure area.