NIGC Training Topic of the Month – Auditing Revenue

Key Points:
Monthly Training: Auditing Revenue

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Training Overview

- Introduction to Auditing Revenue Tool Kit
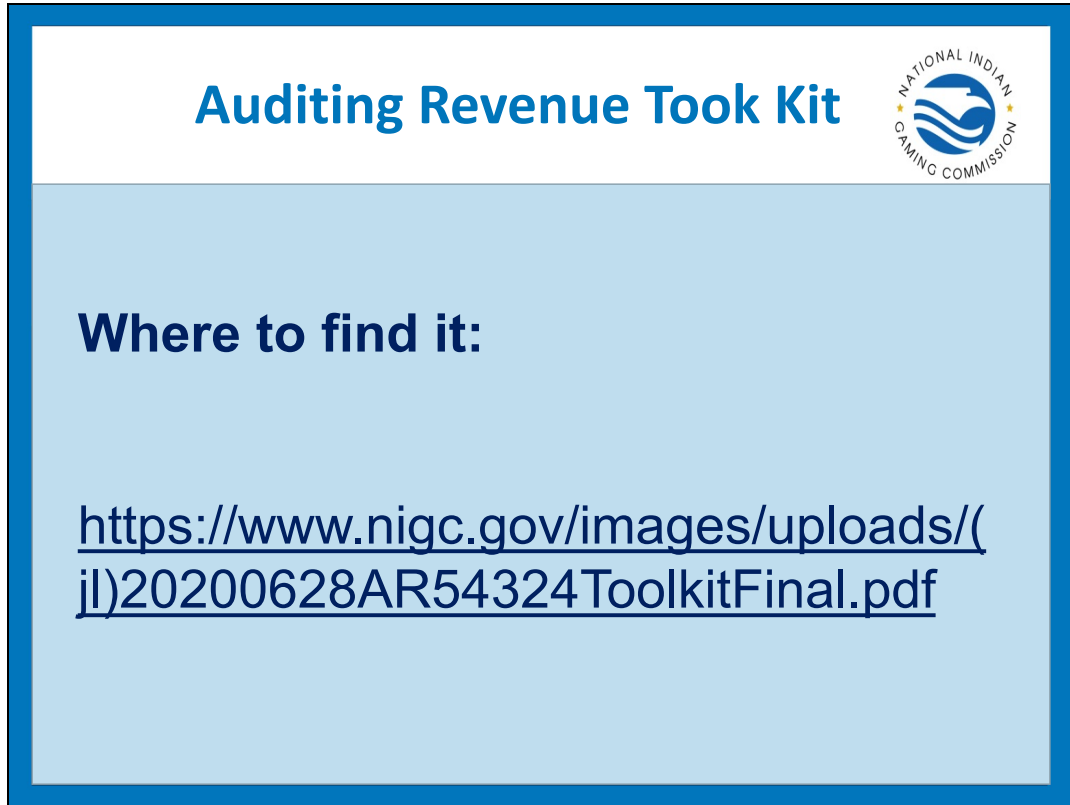- How to use the Tool Kit
- Top Auditing Revenue Items

Focus today:

Internal Auditors & Auditing Revenue

Key Points:
- Introduce the Auditing Revenue Tool Kit and how it can be used
- Use top Auditing Revenue findings and how the Tool Kit can help build better controls

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Auditing Revenue Took Kit

Where to find it:

https://www.nigc.gov/images/uploads/(jl)20200628AR54324ToolkitFinal.pdf

Key Points:
- Here is where you can find the Auditing Revenue Tool Kit

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What it looks like

	§ 543.24 (a)	
543.24(a)	*Supervision.* Supervision must be provided as needed for revenue audit by an agent(s) with authority equal to or greater than those being supervised.	**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 **Testing:** 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. **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

Key Points:
- Example of a Tool Kit page

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How to use it

Standard: states the requirement for the specific section

Intent: provide the goal of the standard

Testing: steps to assist in auditing and developing controls

• What if I'm not an internal auditor?

Key Points:

The Tool Kit will break down 543.24 Auditing Revenue by section

• The standard will be stated.
• The intent is provided for each section so the goal of the standard is provided and possible risk items that the standard addresses.
• The testing steps provide direction for internal auditors, but also provide direction for other areas to understand what should be addressed in written controls, what documentation may be needed, and what specific items should be completed.
    • Important to note this is minimal testing. Adding additional controls to meet an operations specific needs and risks is a good practice.

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Top 5 Auditing Revenue AUP Findings

Standard	FY2020	FY2019	FY2018	Tool Kit
543.24(d)(4)(iii)	56	70	67	pg. 25
543.24(d)(4)(ii)(C)	51	66	54	pg. 24
543.24(d)(8)(iv)	35	42	34	pg. 36
543.24(d)(10)(i)	33	66	27	pg. 46
543.24(d)(4)(ii)(A)	31	22	26	pg. 24

Key Points:
- These are the Top Five AUP findings for Auditing Revenue from your handout
- 543.(d)(4)(iii) has been the top Auditing Revenue finding for the past three fiscal years
- This table shows how many time nationally each standard has been a finding for the past 3 fiscal years and what page to find them on in the Auditing Revenue Tool Kit

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Standard - 543.24(d)(4)(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.

Key Points:

543.24(d)(4)(iii) – addresses the requirement for an annual review of player tracking system parameters.

NOTE: this is for a review of system parameters, this standard is not about reviews of point adjustments, etc. (that is a separate standard)

Example of parameters
- Amount of play (such as coin-in) that equals a point

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Intent - 543.24(d)(4)(iii)

To provide for the protection of assets and detection of potentially fraudulent transactions related to player tracking systems and transactions.

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Key Points:
- The review should ensure there were no unauthorized changes to player tracking system parameters.

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Testing - 543.24(d)(4)(iii)

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.

Revenue Audit

- Have you defined what parameters you will be reviewing?
- Have you defined the process in your policies?
- How often and when will the review take place?

Internal Audit

- Do the TICS and/or SICS address the requirement?
- Does it define how often the review will take place?

Key Points:

Auditing Revenue

- It is important to know and understand what will need to be part of the review. Define what parameters will be part of the review. You cannot complete a review without knowing what you are reviewing.
    - It may help by working backwards. Ask – when the system was set up, what had to be set?
- You should define the process you will use to complete the review – this ensures it will be consistent from year to year and if there is any staff turnover.
- Determine if you are comfortable with only an annual review. - may want to know if parameters are being changed on a regular basis or rarely.

Internal Audit

- Controls should address the requirement
- Understanding how often the review is completed may affect your document request and review.

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Testing - 543.24(d)(4)(iii)

2. For selected test period, examine revenue audit's documentation to determine whether the player tracking system parameters review was completed at least annually.

Revenue Audit	Internal Audit

• How will you document the review?
  • Date
  • What was reviewed
  • Who reviewed it
	• Was a review completed and was it documented?

Key Points:

Revenue Audit
- The review should be documented – if it is not documented it did not happen.
    - Date of review – ensures the review was completed within the required timeframe
    - What was reviewed – ensures the defined parameters were reviewed
    - Who reviewed it – ensures the review was completed by an individual who is independent of the PTS

Internal Audit
- Does the documentation show the review was completed?
- NOTE – for internal auditors – we also see that operations may do a review but are not documenting the review. Documentation shows a review was completed, but also should show what was reviewed, when it was reviewed, and who reviewed it.

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Testing - 543.24(d)(4)(iii)

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.

Key Points:
- These are examples of five items that should be part of the review documentation.
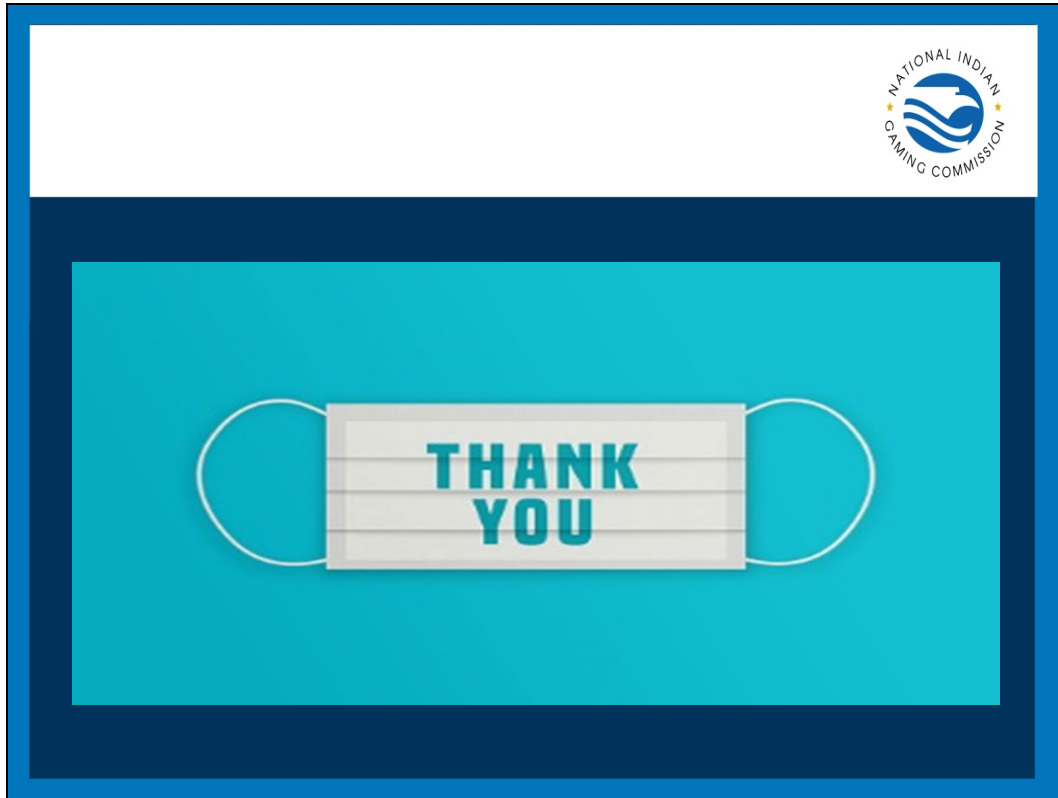- In addition, how do you plan to document each item? Forms, checklists, reports?

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Thank you for attending Auditing Revenue.

If you have any questions please email them to traininginfo@nigc.gov