

NATIONAL INDIAN GAMING COMMISSION

A large graphic featuring several interlocking gears. A silhouette of a person is standing inside one of the gears, and another person is visible on a lower gear. The background is a gradient from blue to yellow.

Internal Audit Overview

Key Points:

Overview

My Notes:

Boot Camp Series



1. Overview
2. Phases of an Audit Program
3. Gathering Data & Sampling
4. Fieldwork & Testing
5. Elements of a Finding
6. Report, Management Response & Follow-up

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Key Points:

Tuesday, March 15th

Overview

Phases of an Audit Program

Gathering Data & Sampling

Wednesday, March 16th

Fieldwork & Testing

Elements of a Finding

Report, Management Response & Follow-Up

My Notes:

Objectives



- What is the purpose of Internal Audit?
- Authority & Structure
- Planning, Planning, Planning

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Key Points:

- What is the purpose of Internal Audit?
- Authority & Structures
- How can we plan better?

My Notes:



Key Points:

ZOOM Poll Question -How many years of experience do you have in Internal Audit

- A. Less than 1 year
- B. Between 1 year and 3 years
- C. More than 3 years

My Notes:



Key Points:

ZOOM Poll Question -In Tribal Gaming, why do we perform Internal Audits?

- A. Because it is required
- B. To test controls
- C. To provide assurances to TGRA/Operation

My Notes:

Purpose of Internal Audit



Key Points:

The Institute of Internal Auditors (theiia.org) definition of Internal Audit:

internal auditing is an **independent, objective** assurance and consulting activity designed to add value and improve an organization's operations.

My Notes:

Independence

543.23(c)(2):
Independent of
departments
being audited

543.23(c)(3):
Independent
reporting
structure

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Key Points:

§543.23(c) Internal audit

(2) Internal auditor(s) are independent of gaming operations with respect to the departments subject to audit (auditors internal to the operation, officers of the TGRA, or outside CPA firm may perform this function).

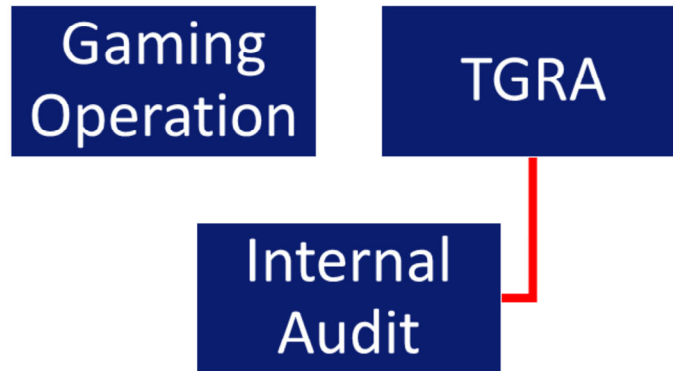
(3) Internal auditor(s) report directly to the Tribe, TGRA, audit committee, or other entity designated by the Tribe.

My Notes:

Authority & Structure



Simple example of reporting structure



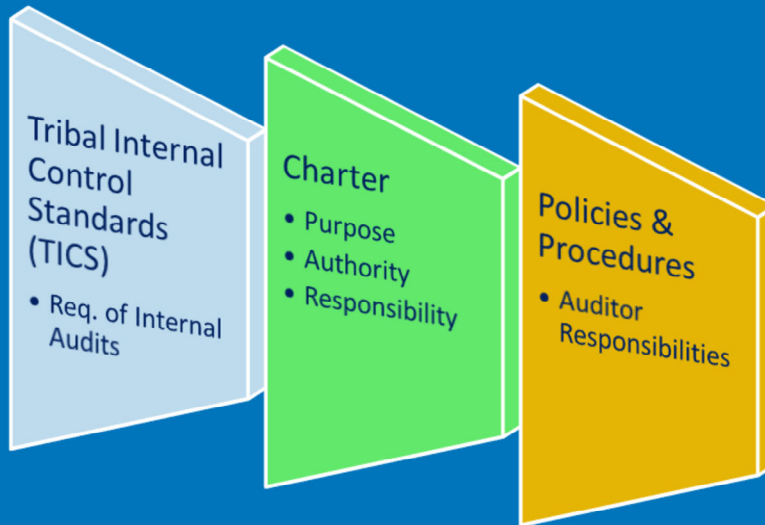
8

Key Points:

This is one simple example of how the Internal Audit structure allows it to maintain independence.

My Notes:

Authority & Structure



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Key Points:

The TICS may list the requirements of Internal audits to be performed.

The charter defines the Internal Audit Department's purpose, authority and responsibility.

The Policies and Procedures directs the auditors responsibilities within the internal Audit function.

My Notes:

NIGC Requirement for IA



Key Points:

543.23(c)(1) Internal auditor(s) perform audits of each department of a gaming operation, at least annually, to review compliance with TICS, SICS, and these MICS, which include at least the following areas...

NIGC website has downloadable checklists in Word form
<https://www.nigc.gov/compliance/checklists-and-worksheets>

My Notes:



Key Points:

ZOOM Poll Question -What is your biggest challenge to completing all audits within the year?

- A. Time
- B. Access - to needed documents/physical operation/access to staff for inquiry
- C. Other

My Notes:

Challenges



Key Points:

One big challenge to completing Internal Audits each year is time. How do you get all the required audits completed within the year?

My Notes:

Internal Audit Process



Key Points:

Before you begin to plan and prepare, look at the full audit process.

The process of an internal audit can be placed into 6 categories:

- Annual Planning
- Audit Prep
- Audit
- Reporting
- Management Response
- Follow-up

My Notes:

Building an effective Audit Schedule



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Key Points:

It is important to build an audit schedule to ensure all required audits are completed within the year.

What does building an effective audit schedule look like?

My Notes:



Key Points:

ZOOM Poll Question -How many employees does your internal audit department have?

- A. Only 1
- B. 2 to 5
- C. More than 5

My Notes:

What does this mean?



2080
2080

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Key Points:

What does 2080 mean?

My Notes:

Do we really have 2080?

Federal
Holidays

Tribal
Holidays

Annual
Leave

Sick Leave

?

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Key Points:

Do we really have 2080? Why or why not?

My Notes:

Time Budget

Budgeted Audit Hours Spreadsheet	
Total Working Hours: 1 auditor x 40hr x 52 weeks	2080
Holidays 13 days x 1 auditor x 8hrs	104
Budgeted Training Hours 1 auditor x 56 hrs	56
"Other Hours: 1 auditor x 40 hrs	40
Estimated Leave Hours: 1 auditor x 40 hrs	40
Totals	240
Estimated Hours Available	1840

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Key Points:

Time Budget spreadsheet example. This is for a one auditor department, but you can change the hours by adding additional auditors if your department has more.

My Notes:

Yearly Schedule Example

FY2022 Internal Audit Schedule

October	November	December	January	February	March
543.8 Bingo	543.17 Drop and Count		543.20 IT	543.23 Accounting	
543.18 Cage	543.13 Comps		543.12 Promotions and PTS	543.24 Auditing Revenue	

April	May	June	July	August	September
543.8 Bingo follow-up	543.17 Drop and Count follow-up	543.20 IT follow-up	543.23 Accounting follow-up		
543.18 Cage follow-up	543.13 Comps follow-up	543.12 Promos and PTS follow-up	543.24 Auditing Revenue follow-up		

543.23(c)(8) ...The verification is performed **within** six (6) months following the date of notification of non-compliance.

NOTE - follow-ups can occur earlier than 6 months, just not beyond 6 months

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Key Points:

Example of a Fiscal Year Audit Schedule for FY2022

- This only includes common items from Part 543 for Class II gaming
- May need to include additional items such as: Class III gaming areas or non-gaming areas required to be audited (example – food and beverage)
- **543.23(c)(8)** Follow-up observations and examinations is performed to verify that corrective action has been taken regarding all instances of non-compliance. The verification is performed within six (6) months following the date of notification of non-compliance.
 - **NOTE** – follow-ups can be performed earlier than 6 months, but not beyond

My Notes:

Single Audit Schedule Example

543.8 Bingo Audit schedule	
10/1/2021	Send Document Request
10/15/2021	Documents due - begin Audit Field Work 10/15 to 10/19 audit field work
10/19/2021	Complete all Audit Field work (observations and inquiry) Deadline for all documents
10/20/2021	Begin drafting report 10/20 to 10/22 report drafting and review
10/25/2021	Send Report to Management
11/5/2021	Management responses due
11/8/2021	Review Management responses for sufficiency 11/8 to 11/9 update audit report with Management Responses
11/10/2021	finalize report with Management responses - send final report to all designated recipients

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Key Points:

Basic example of how to schedule out an individual audit once you have your calendar schedule.

My Notes:

Summary



- Purpose of Internal Audit
- Authority & Structure
- Plan, Plan, Plan

*Let's
Recap*

Key Points:

My Notes:

Questions



Key Points:

Thank you for joining us today.

If you have any questions or comments please send them to TRAININGINFO@nigc.gov

My Notes:

Example of Time Budget Worksheet

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EXAMPLE Internal Audit Annual Schedule

FY2022 Internal Audit Schedule (based on a 9/30 fiscal year end)

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