

NATIONAL INDIAN GAMING COMMISSION



# Internal Audit Report, Management Response & Follow-up



Key Points:

My Notes:

# Objectives



- Discuss Report Writing
- Development of the Final Report
- Discuss Follow – Up

10/2022

2

Key Points:

My Notes:



**Key Points:**

**ZOOM Poll Question #1 -What is your comfort level with report writing?**

- A. Very comfortable
- B. Somewhat comfortable
- C. Are you kidding me?

**My Notes:**

# Report Writing



Who is the user of the Report?

TGRA

Tribe

Gaming operation

NIGC

10/2022

4

## Key Points:

When writing a report, understand the users of its information

Who will gain insight from the reports results?

TGRA – areas of noncompliance

Gaming operation – areas of risk, operating efficiency, areas of improvement

Tribe – level of asset protection

Commission – areas of risk, areas where insight and assistance may be provided.

## My Notes:

# Report Writing

**§543.23(c)(5)**

**Audit reports...must include the following information:**

**Audit objectives;**

**Audit procedures and scope;**

**Findings and conclusions;**

**Recommendations, if applicable; and**

**Management's response**

3/10/2022

5

## Key Points:

### **§543.23(c)**

(5) Audit reports are maintained and made available to the Commission upon request and must include the following information:

- (i) Audit objectives;
- (ii) Audit procedures and scope;
- (iii) Findings and conclusions;
- (iv) Recommendations, if applicable; and
- (v) Management's response.

## My Notes:

## Objective Example

*Our objective was to perform such observations and testing to measure compliance with the Tribal Internal Control Standards (TICS) and the National Indian Gaming Commission (NIGC) Regulation 25 CFR Part 543 MICS for class II gaming.*

3/10/2022

6

### **Key Points:**

- This is a general and broad example of a report Objective
- It addresses the purpose of the audit at a high level
  - In this case to determine compliance with the TICS and the MICS

### **My Notes:**

## Procedures & Scope Example

*The audit was conducted as a full scope review for processes in place from February 2020 through February 2021. Audit procedures included interviews with management and staff, observations of implementation of controls and examination of current source documentation utilized to comply with the aforementioned requirements.*

7

### Key Points:

- Here is a general example of a report Procedures and Scope
- It states the time general scope and time frame examined and other general procedures

These examples are general and broad. You will want to address the Objectives, Procedures & Scope of your audit in the report

### My Notes:

## Recommendations

- *Add Value – don't just restate the requirement*
- *The following examples provides no value:*
  - *Management should develop controls to ensure compliance with this standard.*

8

### Key Points:

Ensure the recommendation doesn't just restate the regulation

Recommendations should provide valuable insight as to how to mitigate the risk or correct the issue of non-compliance.

### My Notes:



When should you send the draft report?



3/10/2022

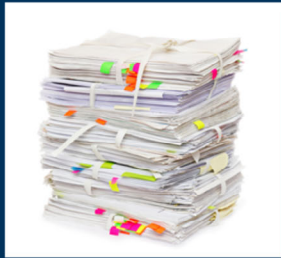
9

**Key Points:**

- A draft report allows management to review findings and talk with gaming operation management to discuss findings and possible remedies.
  - ✓ Provides opportunity to identify if a document or other items were not provided that may have addressed a finding.
- Can be provided as part of an exit meeting.
- NIGC does not consider it final until it has a management response; that is why it is called a “draft” report.

**My Notes:**

# Make sure your work papers are in order to support the findings



3/10/2022

10

## Key Points:

Work Papers -

- Make sure your work papers are in order to support the findings
  
- If you can't support a finding, it's not a finding.
  - ✓ Your work papers will provide the support for your discovery
  
- You should have your supporting documentation in order before you send the draft report
  - ✓ Management or a third party may want to see how you came to a particular conclusion
  - ✓ Anyone unfamiliar with the audit, can cross-reference the work papers, audit program and audit report and should be able to come to the same conclusion as the auditor who wrote the finding

## My Notes:

# Management Responses



## GUIDANCE FOR RESPONSES



10/2022

11

### Key Points:

#### Guidance for Responses

- This guidance should at a minimum include:
  - ✓ The request that all findings be addressed with either agree or disagree
  - ✓ The planned action to be taken to correct the finding or if already corrected.
  - ✓ The action that has already been taken to correct the finding.
  - ✓ The names of the individuals who are responsible for implementing corrective action and by what date.
  - ✓ The date that the management responses are required by the Internal Audit Department.
- Things to consider...
  - ✓ Who will review the management responses
  - ✓ The date the responses are due
  - ✓ A statement of concurrence or non-concurrence should be provided for each finding contained in the audit report
  - ✓ The names of the individuals who will be responsible for implementing the recommendations.

### My Notes:



**Key Points:**

ZOOM Poll Question -After receiving the draft report Management submits additional documentation that resolves a finding.

Do you remove the finding?

- A. Yes
- B. No
- C. Not Sure

**My Notes:**

# Management Responses



*Remove findings???*



10/2022

13

## Key Points:

Remove a Finding?

Yes, it may be appropriate to remove a finding if:

- Additional and sufficient documentation is provided.
  - ✓ If new audit evidence is provided at the exit meeting, delete findings that were written in error.
  - ✓ However, keep valid findings in the report, even if they were corrected prior to the meeting.
  
- If management does not agree with the finding, even with the audit evidence provided by the auditor, it should remain and the disagreement should be noted in the report in the management's response.

## My Notes:

# Final Report

Insert management responses into report and distribute final report



10/2022

14

## Key Points:

Final Reports must include Management Responses

Again, the NIGC does not consider the report final unless it has management responses in it.

- This final report must be distributed to management.
  - ✓ If any changes are made after distribution, the revised report must be distributed to management.
- Nothing in the report should come as a surprise to management who read it.
  - ✓ If information was not presented at the exit meeting, it should not find its way into the audit report.

## My Notes:

# Follow-Up Audit



It is time for Internal Audit to follow-up with management to ascertain what improvements have been made.



10/2022

15

## Key Points:

**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.

**The follow up audit is done within six months after the issuance of the report.**

- Follow-up on all findings from original report
  - ✓ Not re-performing entire audit
- The follow up is Only required to re-evaluate/review those items identified in the Final Report
  - ✓ You're Not completing an entire re-audit
  - ✓ You're just retesting to insure the items of non-compliance in the Final report have been addressed and resolved.

## My Notes:

# Follow-Up Report



## What to include in the Follow-Up Report...

- Original Criteria
- Original Finding
- Follow-Up Finding or Resolution
- Recommendations (if applicable)

10/2022

16

### Key Points:

Include:

- Original criteria
- Original finding
- Follow-up finding or resolution
- Recommendations (if Applicable)

### My Notes:



# Wrap-Up

## Place everything into the permanent file



3/10/2022



17

### Key Points:

Place everything into the permanent file

If it's not documented, it didn't happen.

- Make sure to save all work papers and reports.
  - ✓ This can be in files or electronically, but make sure it is all there and you can access it easily as the auditor.
  - ✓ Ensure all reports and supporting documents are filed and accessible for future need and review.
  - ✓ A paper file is just as good as electronic if you are able to easily access your documents
    - The world is moving more and more to electronic files/documents – just insure items are appropriately saved, secured and accessible

### 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](mailto:TRAININGINFO@nigc.gov)

## My Notes: