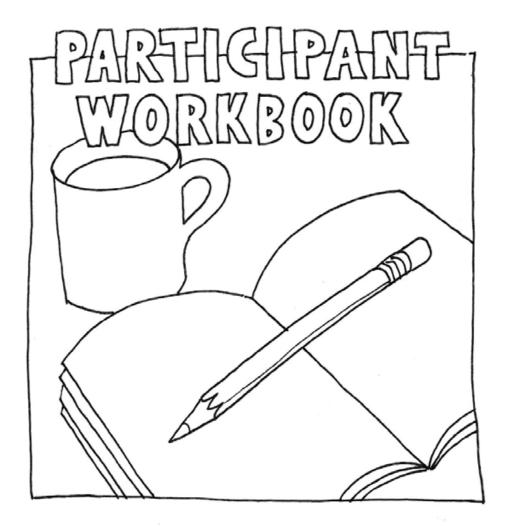


IA Boot Camp



Data Gathering and Sampling

Internal Audit Boot Camp - Data Gathering and Sampling

- **Review** the data gathering and sampling process
- **Discuss** examples of data gathering and sampling process
- **Ensure** sufficient samples are selected



Course Objectives



- Gathering Data
 - •When, what type etc...
- Sampling

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Course Objectives

- Identify data and when to gather data.
- Understand why auditors use samples.
- Determine sample sizes.
- Identify five common sampling methods.
- Employ sampling methods.

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- Generally, there are two types of data:
 - o Quantitative Numbers/Quantity
 - Example: 8 card games tables
 - Qualitative Characteristics
 - Example: Type of bingo: Player Interfaces
- Data gathering starts immediately and is continuous throughout the audit.
 - Audit Planning
 - Audit Schedule
 - Gaming and non-gaming departments of operation.
 - o Audit Preparation
 - Previous internal audit reports and work papers
 - External reports
 - CPA agreed upon procedures and other internal control reports
 - State audit reports (if applicable)
 - Checklist for the audit
 - o Field work
 - Requested documents
 - Inquiry
 - Observation
 - o Reporting
 - Audit conclusions to create the report
 - Recipients of audit report
 - o Follow-Up
 - Data for remediation of findings

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Examples Data Gathering



- Audit Planning
 - •What areas require audit
 - Gaming
 - Non-Gaming
 - Back-of-house
- Audit Prep
 - Document Request and other correspondence
- Audit Field Work
 - Document collection/Data Collection
- Audit Planning
 - o Collecting data on what areas are to be audited
 - Gaming and Non-Gaming
 - o Back-of-house, e.g. payroll, human resources, purchasing
 - Casino and TGRA contacts
 - o TICS and SICS
- Audit Prep
 - o Document request and correspondence
 - o May need separate correspondences to both Casino and TGRA
- Audit Field Work
 - Collection of requested documents usually comes from the revenue audit or accounting department.
 - The remaining documents are obtained during inquires and observations throughout the fieldwork stage.

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Poll Question



Why do Internal Auditors need to sample?

- A. Because we're lazy
- B. To speed up the Audit
- C. To test compliance without getting lost in the weeds

Sampling is important.

• To efficiently and effectively perform audits.

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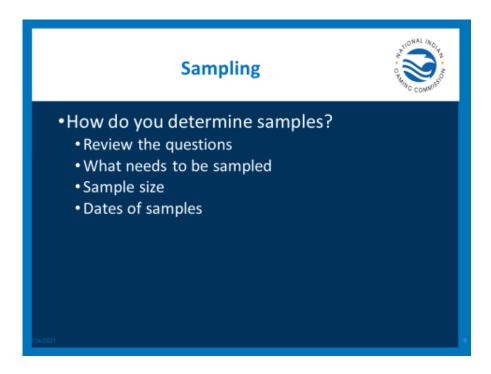


- Looking at every piece of documentation would be overwhelming.
- Audit sampling enables auditors to make conclusions about compliance without having to review all the documentation.
- The general purpose of Internal Audit is to test compliance and not review every document for accuracy and completion.
- Auditors will only test selected items, and through sampling, can infer our opinion on the entire population.

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Sampling Auditors can not review all paperwork Samples are needed as representation of entire population Proper sampling Provides evidence Increases efficiency of audit

- Auditors cannot review all the paperwork of an operation. It is just not feasible.
- Samples help provide a representation of an entire population.

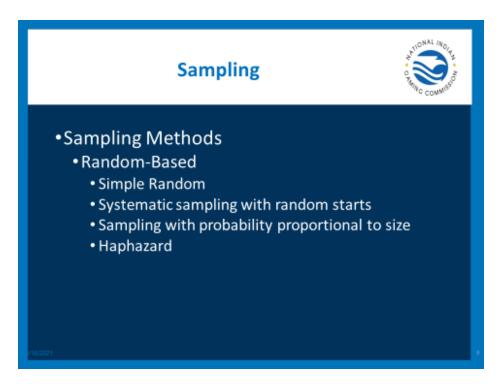


Sample size should be large enough to determine compliance.

- NIGC checklists can be found at:
 - o https://www.nigc.gov/compliance/checklists-and-worksheets
- Review the questions
 - What needs to be sampled?
- Institutional knowledge about your operation
 - o Does drop and count occur daily or only on certain days?
 - o Does the bingo hall only operate on certain days?
- Determine sample size
- Dates to sample
 - o Quarterly
 - o Monthly
 - o Daily/Frequently Occurring

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Internal auditors commonly use Random-based sampling and haphazard sampling methods.

Random-Based

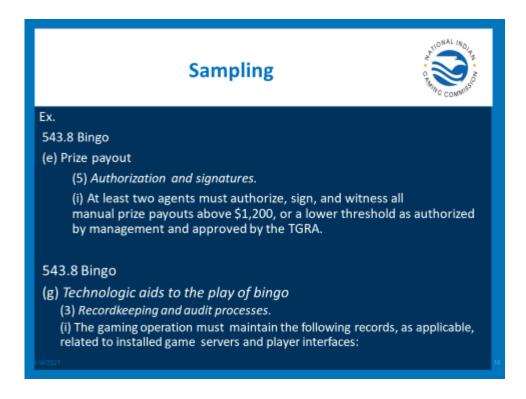
- 1. Simple random
 - Every member of the population has an equal chance of being selected.
 - Your sampling frame should include the whole population.

2. Systematic sampling

- Systematic sampling is similar to simple random sampling, but it is usually slightly easier to conduct.
- Every member of the population is listed with a number, individuals are chosen at regular intervals.
 - o Random Start
 - Every nth (e.g. start at 3rd and every 10th is chosen)

- 3. Sampling with Probability Proportional to Size
 - Involves dividing the population into subpopulations that may differ in important ways.
 - Ensures every subgroup is represented in the sample.
 - Avoids underrepresenting one subgroup and yields more accurate results.
 - To use this sampling method, you divide the population into subgroups (called strata) based on the relevant characteristic (e.g. machines by class, vendor, theme).
- 4. Haphazard Sampling
 - When the auditor does not use a systematic approach to selecting a sample like the four previously discussed.
 - Is where you try to create a random sample by haphazardly choosing items in order to try and recreate true randomness

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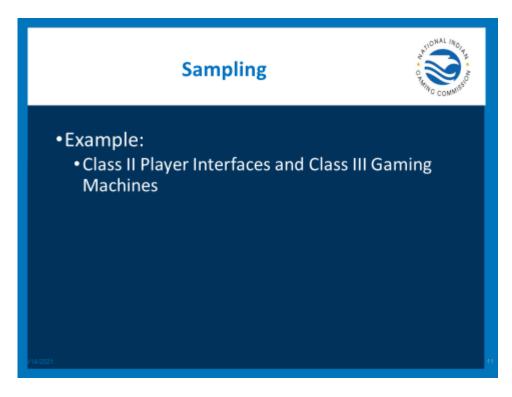
543.8(e)(5)(i) Manual Prize Payout Forms

• How frequent are manual prize payouts?

543.8(g)(3)(i) Player Interfaces

- How many player interfaces?
- How many vendors?
- Has there been a history of excellent/poor record keeping?

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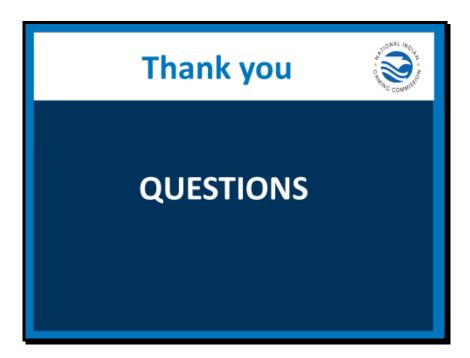
The presenter will guide participants through selecting a sample of Class II Player Interfaces and Class III Gaming Machines.

- The Microsoft Excel function RANDBETWEEN is a common way to choose a random sample.
- The 542.13 Gaming Machines worksheet is located at https://www.nigc.gov/compliance/checklists-and-worksheets.

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Summary Gathering Data Begins during audit prep Continues in performing audit procedures Sampling Sufficient evidence

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Thank you for joining us today!