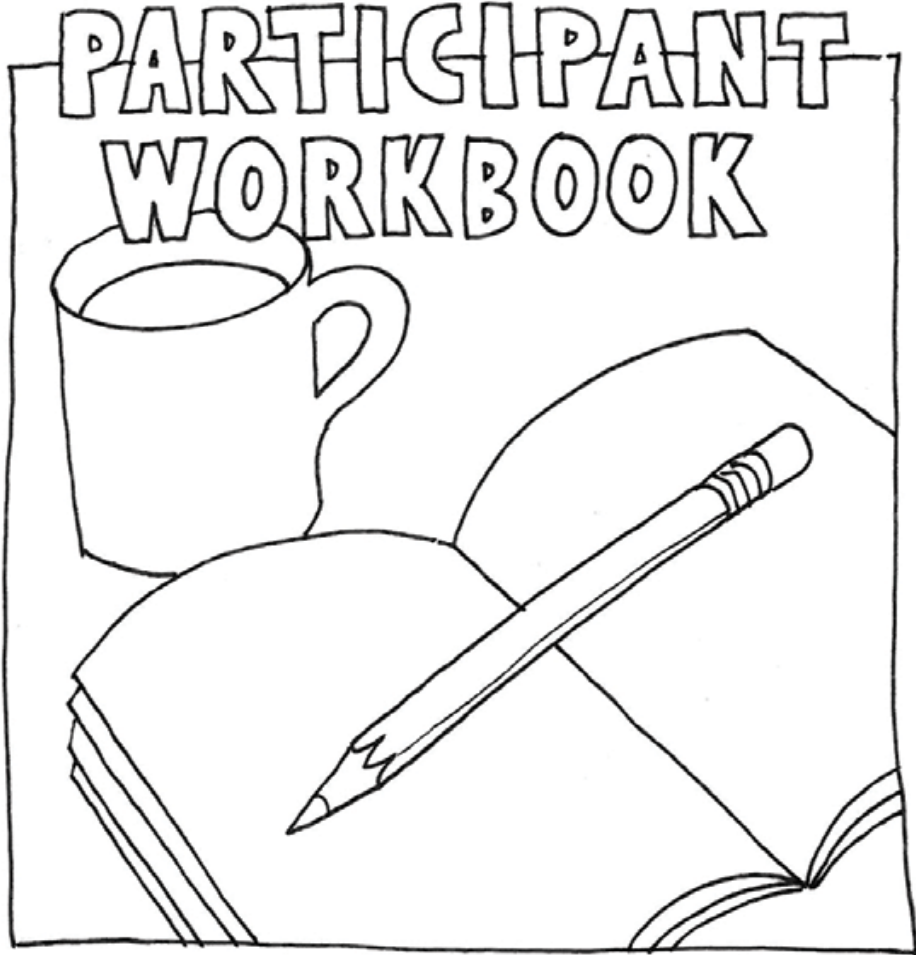
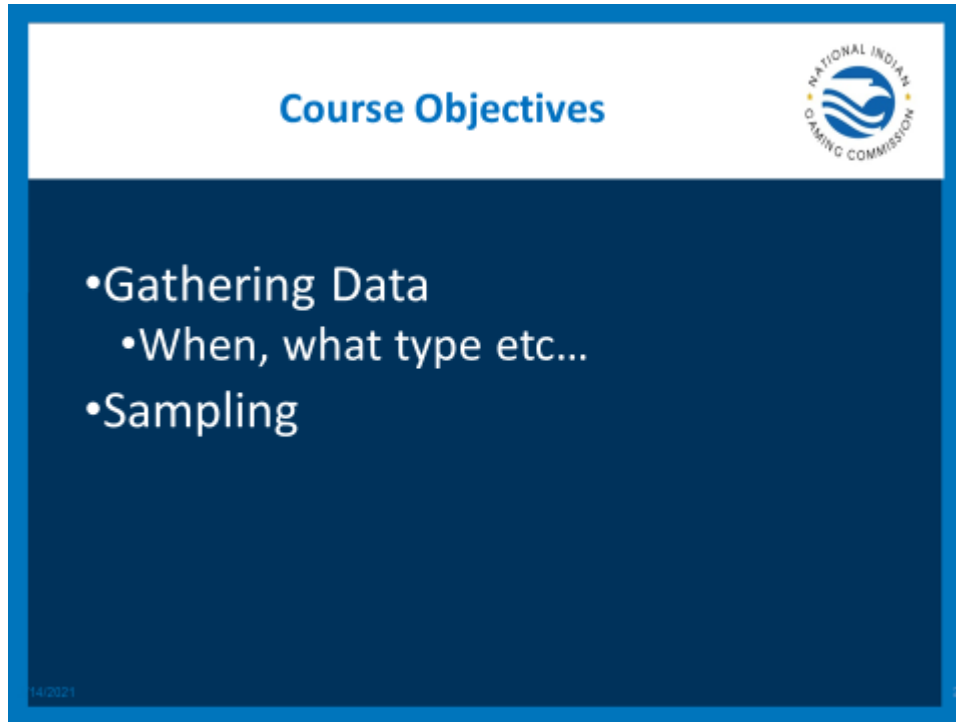




IA Boot Camp



Data Gathering and Sampling



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.

NOTES



- Generally, there are two types of data:
 - 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.
 - 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
 - Field work
 - Requested documents
 - Inquiry
 - Observation
 - Reporting
 - Audit conclusions to create the report
 - Recipients of audit report
 - Follow-Up
 - Data for remediation of findings

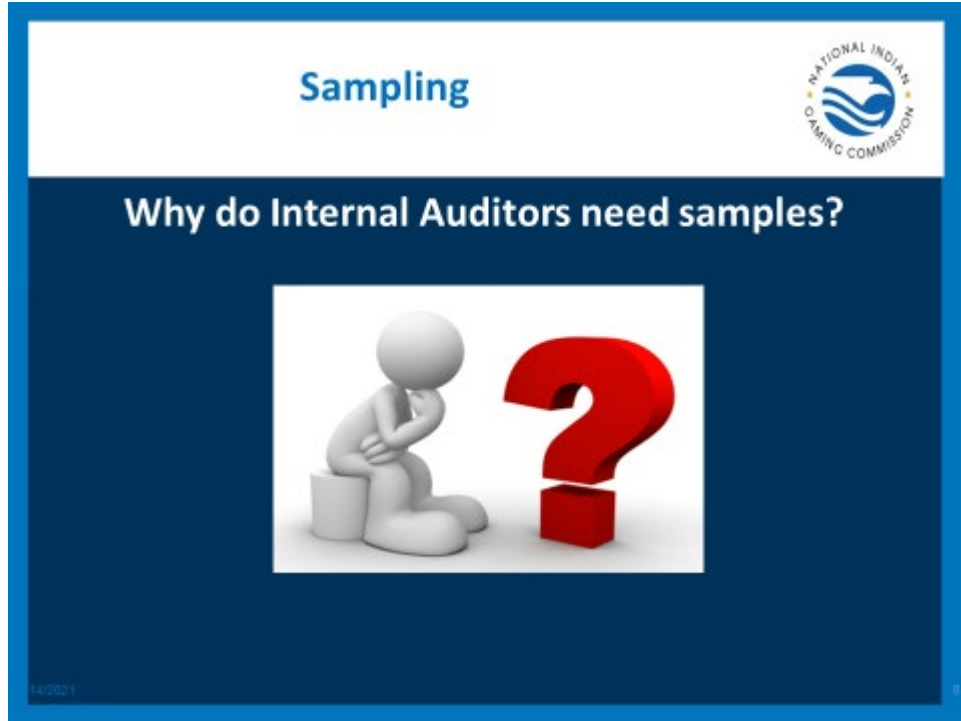
Examples Data Gathering

- 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

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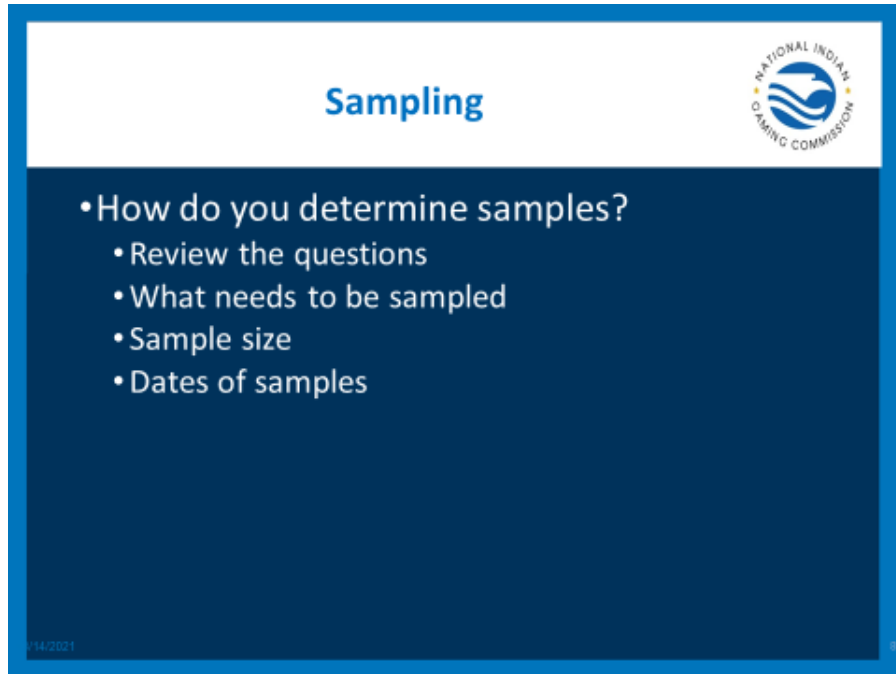
- Audit Planning
 - Collecting data on what areas are to be audited
 - Gaming and Non-Gaming
 - Back-of-house, e.g. payroll, human resources, purchasing
 - Casino and TGRA contacts
 - TICS and SICS
- Audit Prep
 - Document request and correspondence
 - May need separate correspondences to both Casino 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.

NOTES



- 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.

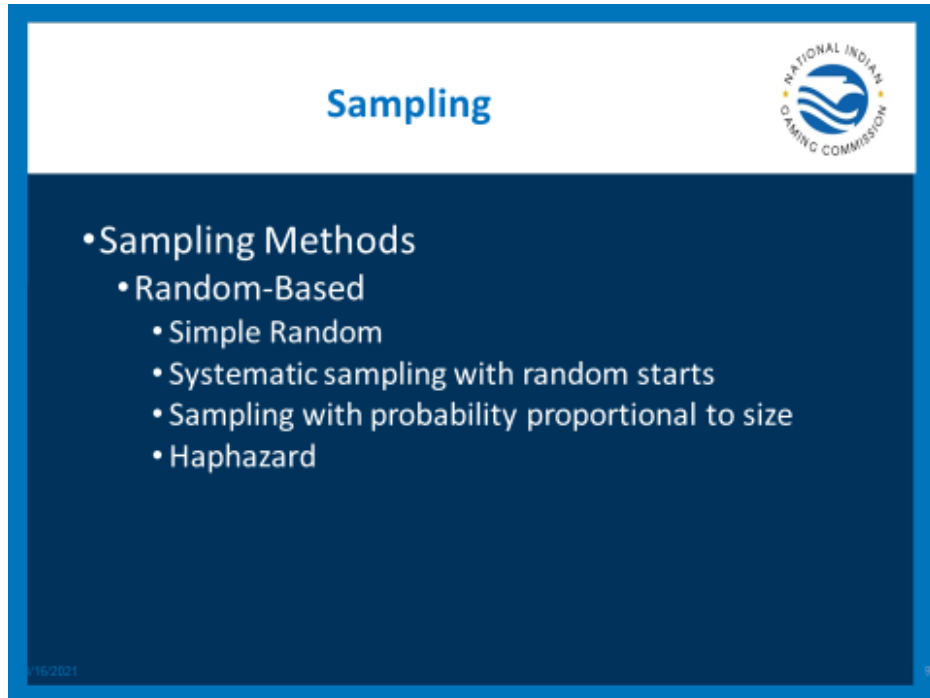
NOTES



Sample size should be large enough to determine compliance.

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

NOTES



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.
 - Random Start
 - Every nth (e.g. start at 3rd and every 10th is chosen)

Sampling



Ex.

543.8 Bingo

(e) Prize payout

(5) *Authorization and signatures.*

(i) At least two agents must authorize, sign, and witness all manual prize payouts above \$1,200, or a lower threshold as authorized by management and approved by the TGRA.

543.8 Bingo

(g) *Technologic aids to the play of bingo*

(3) *Recordkeeping and audit processes.*

(i) The gaming operation must maintain the following records, as applicable, related to installed game servers and player interfaces:

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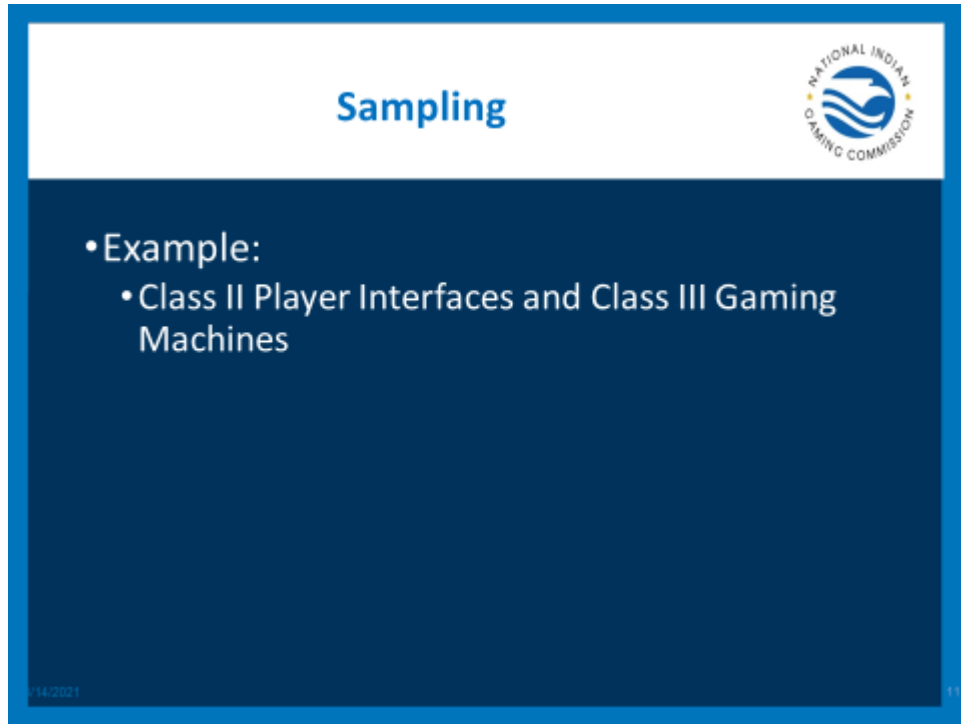
543.8(e)(5)(i) Manual Prize Payout Forms

- 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?

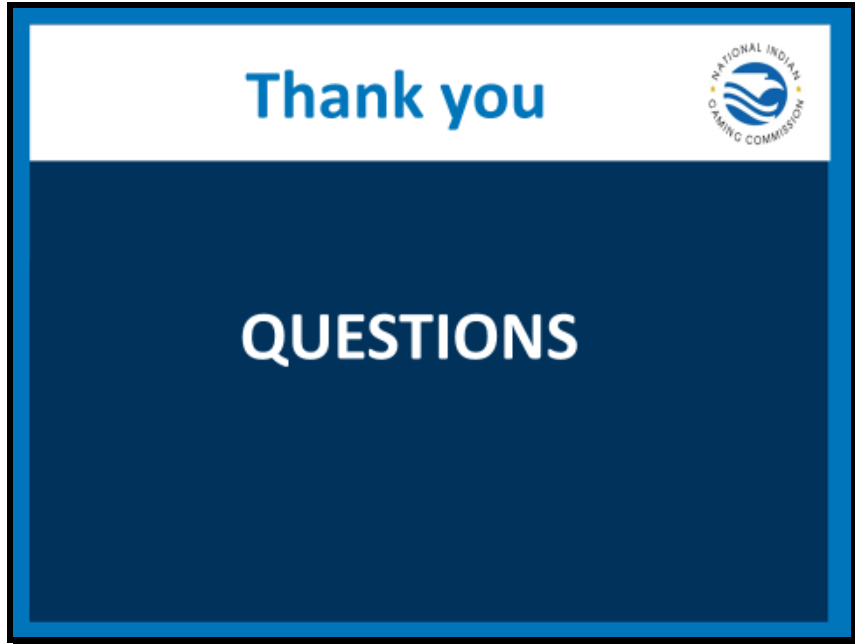
NOTES



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>.

NOTES



Thank you for joining us today!