National Indian Gaming Commission

Phoenix: Regional Guidance on the Issues

Panel Discussion

Commission's Initiatives

- Rural Outreach
- Staying ahead of the Technology Curve
- Supporting a strong workforce both in-house and among our regulatory partners.
- Protect against anything that amounts to gamesmanship on the back of tribes.

FY2015 GGR

FY15: Indian gaming industry's largest year-over-year GGR increase during past 10 years.

NIGC FY15 GGR Distribution Map

FY15 GGR = $29.9B, 474 operations

St. Paul
$4.8B ('14=$4.7B)
134 ops ('14=130 ops)

Portland
$3.0B ('14=$2.9B)
52 ops ('14=51 ops)

Sacramento
$7.9B ('14=$7.3B)
71 ops ('14=68 ops)

Phoenix
$2.8B ('14=$2.7B)
53 ops ('14=48 ops)

OK City
$2.1B ('14=$2.0B)
65 ops ('14=65 ops)

Tulsa
$2.2B ('14=$2.1B)
68 ops ('14=67 ops)

Washington DC
$7.0B ('14=$6.8B)
31 ops ('14=30 ops)

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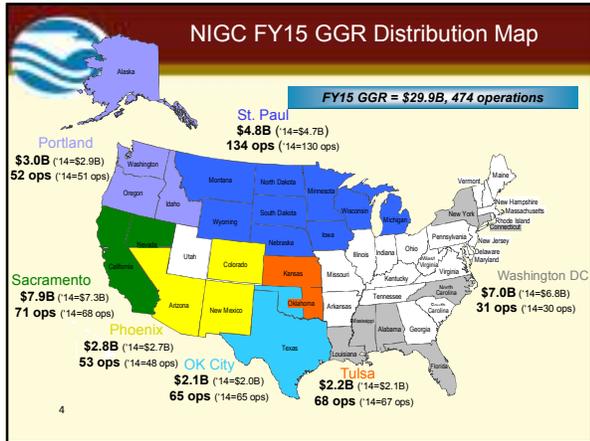
Phoenix Region

- **Phoenix Region**

  33 Tribes – 60 gaming operations:

Class II	2
Class III (only)	21
Class II/III	37

- **Arizona:** 16 Tribes – 25 gaming operations
- **Colorado:** 2 Tribes – 2 gaming operations
- **Nevada:** 2 Tribes – 3 gaming operations
- **New Mexico**: 15 Tribes – 30 gaming operations

Phoenix Region

- **Backgrounds & Licensing**

  October 2015 to September 2016:

  Fingerprints Processed – 8,264
  NORs Received – 3,666
  NGLIs Received – 3,488

GGR Growth Rate By Region

Overall Growth Rate
FY15 vs FY14 = 5.0%
FY14 vs FY13 = 1.5%

FY14 FY15

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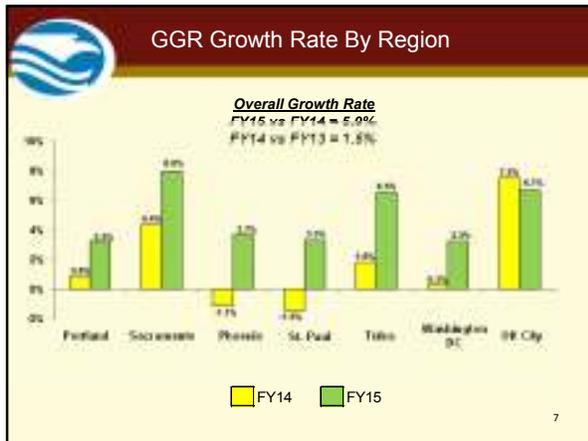
Regional Compliance Issues/Guidance

ISSUE:
- Facility License
- NOR/NGLI Submissions
- TGRA/Management/Govt. relationship
- Gamesmanship
- Fees and worksheets
- 25 CFR Part 543 Compliance

GUIDANCE:
- Expiration/Renewal
- Timeliness/Systemic review
- NIGC assistance/Site Specific Training
- Review the contracts
- TGRA and Operations verify submissions are made.
- Implementation of SICS

Office of General Counsel

Office of General Counsel Technical Assistance

- Facility License Notification

- Management Contracts

- Other Questions or Concerns

Technology Division

PNE 2016 ITVA's
33%

Common ITVA Issues Identified
- Microsoft Patches not updated
- Virtual Network Computers unsecured
- Remote username/passwords unencrypted

2016 Regulating Gaming Trainings (RGT's) Questions
1. Forensics
2. Class II Systems
3. IT Threats

Common Compliance Assessments (ICA's) Issues Encountered
1. Remote Access
2. Policy and Procedures
3. Logical Security – proper username/passwords in place

2016 IT General Interactions
1. Remote Access
2. Network Security
3. Vendor Issues

Technology Division provides free IT Vulnerability Assessments that assist with identifying IT Network deficiencies sign up at http://www.nigc.gov

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Audit

- Internal Control Assessments
  - Limited Scope review of specific areas

Overall MICS AUP Exceptions

MICS Exceptions for Indian Gaming
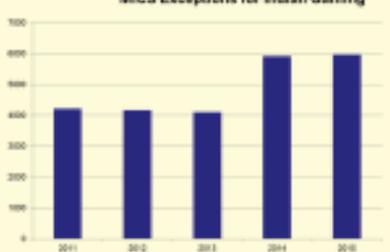
Breakdown by Section
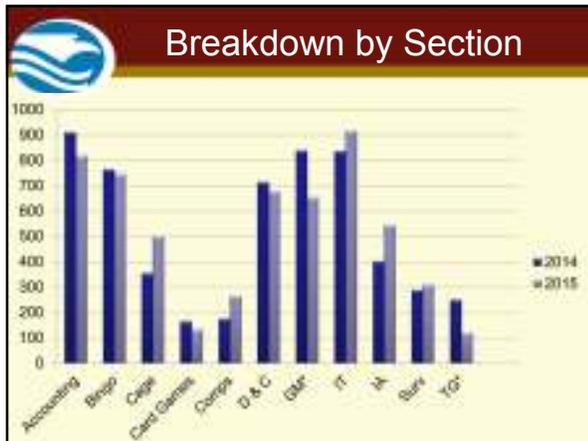
543 Tied #4 Finding

- Auditing Revenue 543.24(d)(8)(iv)
  - Establish controls and implement procedures:
  - Drop and Count
    - Quarterly, inventory all controlled keys and reconcile to records of keys made, issued, and destroyed
    - Investigate all keys unaccounted for, and document investigation

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543 Tied #4 Finding

- Accounting 543.23(b)(2)(v)
  - Establish controls and implement procedures:
  - Prepares general accounting records on a double-entry system of accounting, maintaining detailed, supporting, subsidiary records, and performs the following activities:
    - Prepare appropriate subsidiary ledgers to support balance sheet

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543 Tied #4 Finding

- Promo & Player Tracking 543.12(d)
  - Variance
  - Operation must establish threshold level at which a variance must be reviewed to determine cause
    - Approved by the TGRA
    - Review must be documented.

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543 Tied #4 Finding

- Auditing Revenue 543.24(d)(4)(ii)(c)
  - Establish controls and implement procedures:
  - Gaming Promos and Player Tracking
    - Monthly, review promotional payments, drawings, and giveaway programs
    - Verify payout accuracy and proper accounting treatment in accordance with rules provided to patrons
    - Review documentation related to access to inactive and closed accounts

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543 Tied #2 Finding

- Auditing Revenue 543.24(d)(8)(i)
  - Establish controls and implement procedures:
  - Drop and Count
    - At least quarterly, unannounced currency counter and currency counter interface (if applicable) test must be performed
    - Document and maintain test results

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543 Tied #2 Finding

- Auditing Revenue 543.24(d)(4)(iii)
  - Establish controls and implement procedures to audit the following operational area:
  - Gaming Promos and Player Tracking
    - Annual review of computerized player tracking systems
    - Ensure configuration parameters are accurate and alterations have authorization from management
    - Review performed by agent(s) independent of individuals that set up/change system parameters
    - Document and maintain the test results.

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543 #1 Finding

- Auditing Revenue 543.24(d)(10)(i)
  - Establish controls and implement procedures:
  - Inventory
    - Monthly, verify receipt, issuance, and use of controlled inventory
    - Includes, but not limited to, bingo cards, pull tabs, playing cards, keys, pre-numbered and/or multi-part forms.

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Summary of 543 findings

- A majority of 543 findings are as it relates to the sections that require;
  - Controls must be established
  - Procedures implemented
  - Thresholds established
  - Actions documented

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NIGC Training Program

- Revising training approach to be more process driven.
  - "How To" instead of "How Come"
- New workshops Internal Audit (16hr training) TICS/SICS
- In the future Learning Management System
- A call for suggestions!

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Questions

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