
 **Exercise**

- From the regulation
 - Determine the intent
 - Determine sufficient checklist question(s)
 - Determine method(s) of testing


3/6/2017 4

 **Data Gathering**

 **When do we start gathering data?**


3/6/2017 5




 **Data Gathering**

- Review of policies
 - Comparison of TICS to MICS & SICS to TICS
 - Use to develop program
 - Tailor checklists
 - Note outlined processes on checklists


3/6/2017 7

 **Data Gathering**

- Questionnaire
 - Completion of questionnaire for operations and individuals can be helpful
 - Could range from simple questions (high level overview) to questions on audit checklist




3/6/2017 8


 **Data Gathering**

- Review of prior audit reports
 - Provides assistance into issues the operation has experience in previous audits
 - Ensures findings were corrected and remain compliant


3/6/2017 9

 **Sampling**

Why do Internal Auditors need samples?




3/6/2017 10

 **Sampling**


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

3/6/2017 11

 **Sampling**

- How do you determine samples?
 - Review the questions
 - What needs to be sampled
 - Sample size
 - Dates of samples


3/6/2017 12



Sampling

Ex.
§543.24 Auditing Revenue
(1) Bingo.
(i) At the end of each month, verify the accuracy of the ending balance in the bingo control log by reconciling it with the bingo paper inventory. Investigate and document any variance noted.


3/6/2017 13



Performing Audit Procedures

- Inquiry
 - Don't just read the questions
 - You want more than yes/no
 - Start high level
 - Clarify responses specific to intent of questions
 - Having an understanding of processes will help identify any issues
 - Trust but verify


3/6/2017 14



Performing Audit Procedures


- Auditing paperwork
 - It is essential to understand HOW the paperwork is completed
 - Review of policies is critical to ensure paperwork is completed properly
 - Explanation from someone responsible for completing paperwork is helpful in understanding process

3/6/2017 15

 **Performing Audit Procedures**


- Collecting work papers
 - Determine the necessary samples to retain
 - Everything
 - Specific doc and all exceptions
 - Only exceptions

3/6/2017 16


 **Performing Audit Procedures**

- Retaining Work Papers
 - Formats
 - Electronic and/or hard copies
 - Create system to identify work papers
 - Necessary when there is review of IA department
 - Referencing system will help identify relevant W/P
 - Department code & Question #
 - » CDC73 (Drop and Count question 73)
 - Department code and document number
 - » 104 (100 series for Accounting & doc #4)
 - Document 101 may be Accounting P&Ps


3/6/2017 17

 **Document Performance**


- What was reviewed?
 - What was discovered?
 - Do the TICS/SICS satisfy the requirement?
 - Is the process fully outlined?
 - Are the individuals involved identified?
 - Are thresholds/timeframes defined?




3/6/2017 18

 **Document Performance**


- What was observed?
 - What was discovered?
 - Who was doing it?
 - When was it done?
 - What were they doing?
 - Did it match what the policy said?



3/6/2017 19

 **Document Performance**


- What was examined?
 - What was discovered?
 - What docs needs to be completed for the process?
 - Was it completed?
 - Are all appropriate fields completed?
 - How many samples were reviewed?
 - How many exceptions are present?
 - Are there any required elements missing?
 - Does the supporting paperwork sufficiently document the records?




3/6/2017 20

 **Document Performance**

- Who did you talk to? (By title)
 - What did they say?
 - Does it match policy?
 - Did they identify any new forms of paperwork?
 - Did they identify anyone else that might be able to better explain a process?
 - Are they the SME for the questions you are asking?
 - When did you talk to them?



3/6/2017 21




Testing the Standards

- Review gathered data
- Review documented discoveries
- Compare information to checklist question
- Formulate conclusion
 - Were there exceptions?
 - Was there compliance?

Would an informed person would reach the same conclusion?


3/6/2017 22



Testing the Standards

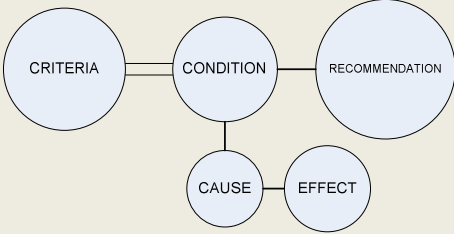
- What does the standard/question want to know?
 - 543.17(c)(4): Are **controls established** and **procedures implemented** to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud, to include the following:
 - Are functions performed by count team agents rotated on a routine basis?
 - Inquiry, observation, and review TICS/SICS & supporting docs

3/6/2017 23



Findings


Elements of a finding:



```

graph TD
  CRITERIA --- CONDITION
  CONDITION --- RECOMMENDATION
  CAUSE --- EFFECT
  CONDITION --- CAUSE
  
```

3/6/2017 24




Findings

- Criteria
 - How things should be
 - The authority (says who?)
 - Typically the standards for compliance audits

MICS
TICS
SICS


3/6/2017 25



Findings

- Condition
 - Current state found by auditors
 - What was discovered/Problem
 - Determined during the audit process


3/6/2017 26



Findings

- Cause
 - Why aren't things the way they should be?
 - May be several causes for a given finding
 - Possibilities may include:
 - Inadequate procedures
 - Procedures not being followed
 - Inadequate supervision
 - Unqualified/untrained employees


3/6/2017 27

 **Findings**


- Effect
 - This is the impact of the condition and cause
 - Compelling reason why it should be fixed

“WHY SHOULD THEY CARE?”


3/6/2017 28

 **Findings**

- Recommendation
 - Attempts to resolve
 - Condition
 - Cause




3/6/2017 29

 **Findings**

Based on an observation, it was determined that the cage and vault inventories are not counted independently by at least two agents at the end of each shift during which the activity took place.


What are we missing?

3/6/2017 30

 **Findings**

- **Material weakness**
 - A deficiency or combination of deficiencies in internal control
 - Suggests reasonable possibility that material misstatement of the Casino’s AFS would not be prevented, or detected and corrected, on a timely basis
 - Scope may be expanded when potential exists

3/6/2017 31

 **Findings**

SIGNIFICANCE

Material


Material Weakness

LIKELIHOOD

Remote Probable


Immaterial

3/6/2017 32

 **Summary**

- **Gathering Data**
 - Begins during audit prep
 - Continues in performing audit procedures
- **Sampling**
 - Sufficient evidence
- **Performing Audit Procedures**
 - Know what you are looking at
 - Ask effective questions

3/6/2017 33




Summary

- Testing Standards
 - Ensure program was followed
 - Be aware of things that seem off
- Elements of Findings
 - Cause and effect

3/6/2017 34



Questions & Answers



3/6/2017 35
