

§542.13 What are the minimum internal control standards for gaming machines?

Comment (October): Recommend adding explanatory language (add up) following the term “foot” in order to clarify meaning of the term.

Response: Agree. All sections modified accordingly.

Comment (October): Recommend modifying specifications as to the frequency with which a particular task must be performed e.g. “monthly” or as to sample size e.g. “for one day each month” have been modified by adding “at least” e.g. “at least monthly”, “for at least one day each month”.

Response: Agree. All sections modified accordingly.

Comment (October): Recommend substituting “computerized casino accounting system” for “on-line accounting system”, “computerized accounting system”, etc.

Response: Agree. All sections modified accordingly.

(a) *Standards for gaming machines.* (1) For this section only, credit or customer credit means a unit of value equivalent to cash or cash equivalents deposited, wagered, won, lost, or redeemed by a customer.

(2) Coins shall include tokens.

~~(3) For all computerized gaming machine systems, a personnel access listing shall be maintained, which includes at a minimum:~~

~~(i) Employee name or employee identification number (or equivalent); and~~

~~(ii) Listing of functions employee can perform or equivalent means of identifying same.~~

Justification: The standard is proposed to be deleted from the gaming machine section since it is more relevant to an IT control. The standard will be included in proposed revisions to the IT MICS section §542.16.

(b) *Computer applications.* For any computer applications utilized, alternate documentation and/or procedures that provide at least the level of control described by

the standards in this section, as approved by the Tribal gaming regulatory authority in writing, will be acceptable. Alternative computer applications that cannot comply with this part shall require variance concurrence in accordance with §542.18.

Justification: Revision is intended to clarify that computer applications that cannot comply with the MICS they are intended to replace must be submitted in accordance with the variance regulation §542.18.

Comment (July): When is a variance required and when are alternate documentation and/or procedures sufficient? e.g. Does the use of “smart canisters” require a variance?

Response: No variance is required when the alternate documentation and/or procedures satisfy all elements of the regulation(s). If the alternate documentation and/or procedures would render the gaming operation non-compliant (not all elements of the regulation are satisfied), a variance is required. Bear in mind that currently NIGC has no Class III regulatory authority, therefore responses to variance requests submitted under §542.18 should be considered advisory.

Comment (July): Strike addition under (b) as it causes confusion.

Response: Disagree. It was added to provide clarification.

(c) *Standards for drop and count.* The procedures for the collection of the gaming machine drop and the count thereof shall comply with §542.21, §542.31, or §542.41 (as applicable).

(d) *Jackpot payouts, gaming machines fills, short pays exceeding \$10 and accumulated credit payouts standards.*

Justification: Revision is intended to clarify the applicability of the manual short pay standards, which are payouts made between an employee and a customer.

Comment (July): Recommend inserting the words “Documentation for” before the word “Jackpot”

Response: Agree. Modified accordingly.

Proposed revision as a result of July comment:

(d) **Documentation for** jackpot payouts, gaming machines fills, short pays **exceeding \$10** and accumulated credit payouts standards.

(1) ~~For jackpot payouts and gaming machine fills,~~ The **payout and fill** documentation (minimum two-part form) shall include the following information:

Justification: Revision is intended to clarify that the documentation requirements that follow apply to all manual payouts and machine fills.

(i) Date and time;

(ii) Machine number **or for server-based games and mobile gaming systems, the player terminal;**

Justification: Revision is intended to expand the scope of the terminal identification documentation requirement in support of a payout to include server-based games and mobile gaming systems.

Comment (July): Recommend inserting the word “number” after the words “player terminal”

Response: Agree. Modified accordingly,

Proposed revision as a result of July comment:

(ii) Machine number **or for server-based games and mobile gaming systems, the player terminal number;**

(iii) Dollar amount of cash payout or gaming machine fill (both alpha and numeric) or description of personal property awarded, including fair market value. Alpha is optional if another unalterable method is used for evidencing the amount of the payout;

(iv) Game outcome (including reel symbols, card values, suits, etc.) for jackpot payouts.

Stating “multi-line payout” is adequate as the game outcome recorded on the jackpot payout form. Game outcome is not required if a computerized jackpot/fill system is used;

Justification: Revision is intended to allow for alternative documentation of game outcome for devices in which the payout schedule allows for multiple ways to win from a single wager.

Comment (July): Recommend inserting the words “multi-line payout” inside of the parenthetical and delete the remainder of the proposed language for clarity.

Response: Agree that language could be clearer. Revise the sentence as follows:

Proposed revision as a result of July comment:

(iv) Game outcome (including reel symbols, card values, suits, etc.) for jackpot payouts.

Recording “multi-line payout” on the jackpot payout form is adequate as the game outcome. Game outcome is not required if a computerized jackpot/fill system is used;

(v) Preprinted or concurrently printed sequential number; and

(vi) Signatures of at least two employees verifying and witnessing the payout or gaming machine fill (except as otherwise provided in paragraphs (d) (1) (vi) (A) **and** (B), **and** ~~(C)~~ of this section).

Justification: Revision reflects the result of subsection (C) being deleted.

(A) ~~Jackpot~~ Payouts over a predetermined amount **not to exceed \$50,000** shall require the signature and verification of a supervisory or management employee independent of the gaming machine department (in addition to the two signatures required in paragraph (d) (1) (vi) of this section). Alternatively, if ~~an on-line~~ **computerized casino** accounting system is utilized **that validates, initiates, and prints the dollar amount of the jackpot payout on the form**, only two signatures are required: one employee and one supervisory or management employee independent of the gaming machine department. This

predetermined amount shall be authorized by management (as approved by the Tribal gaming regulatory authority), documented, and maintained.

Justification: Revision is intended to establish a ceiling on the predetermined amount for which supervisory verification is not required. The amount proposed would be appropriate for the largest gaming operations; therefore, it continues to afford ample discretion to TGRAs to stipulate a lower threshold that may be more appropriate for the size and scope of gaming conducted by their gaming operation(s).

Additionally, proposed revision is intended to clarify that, to forego the requirement that a management employee be in addition to the two employees performing the payout, the computerized casino accounting system must validate, initiate and print the dollar amount of the payout. Merely accessing the system to obtain verification is not sufficient to avoid the three employees verifying and witnessing the transaction.

Comment (July): Delete “not to exceed \$50,000”, insert “as determined by the Tribal gaming regulatory authority”. Put TGRA approval upfront.

Response: Disagree. Experience has demonstrated that, for the regulation to be effective and to avoid unnecessary conflicts between the TGRA and management, a maximum threshold should be established. Furthermore, we believe the threshold is not inconsistent with the established gaming jurisdictions.

Comment (July): What does the word “initiate” mean in this section?

Response: Initiate means create.

(B) With regard to ~~jackpot~~ payouts and hopper fills, the signature of one employee is sufficient if ~~an on-line~~ computerized casino accounting system is utilized that validates, initiates, and prints the dollar amount of the payout on the form and the jackpot or fill is less than \$1,200. However, in other situations that allow an individual to add to or edit the dollar amount of the payout by more than \$1 in the on-line computerized casino accounting system, two individuals must be physically involved in verifying and witnessing the payout or fill that are less than \$1,200.

Justification: Revision is proposed to clarify that, to forego a second employee verifying and witnessing the payout (less than \$1200), the computerized casino accounting system for gaming machines must validate, initiate and print the dollar amount of the payout. Merely accessing the system to obtain verification is not sufficient to avoid the independent review and monitoring of the payout.

Furthermore, revision stipulates that if the dollar amount of the payout can be altered by more than \$1 within the computerized casino accounting system, two employees must verify and witness the payout.

Comment (July): Replace “on-line” with “computerized” or some alternative descriptor.

Response: Disagree. The term “on-line” has never officially been associated with the internet but merely refers to the status or function of a computing device in relation to the environment in which it is intended to perform.

Comment (July): What does the word “validates” mean in this context?

Response: If the attendant has the ability to manually change the payout amount, then the slot accounting system cannot substitute for third signature. The meat of the authenticity is that the payout is validated before the money changes hands

~~**(C) On graveyard shifts (eight hour maximum) payouts/fills less than \$100 can be made without the payout/fill being witnessed by a second person.**~~

Justification: Due to the limited applicability of the standard, it is proposed to be deleted.

~~**(2) For short pays of \$10.00 or more, and payouts required for accumulated credits, the payout form shall include the following information:**~~

~~**(i) Date and time;**~~

~~**(ii) Machine number;**~~

~~**(iii) Dollar amount of payout (both alpha and numeric); and**~~

~~**(iv) The signature of at least one (1) employee verifying and witnessing the payout.**~~

~~**(A) Where the payout amount is \$50 or more, signatures of at least two (2) employees verifying and witnessing the payout. Alternatively, the signature of one**~~

~~(1) employee is sufficient if an on-line accounting system is utilized and the payout amount is less than \$3,000.~~

~~(B) [Reserved]~~

Justification: Standard has been replaced by proposed (d) (1) above; consequently, it is recommended that it be deleted.

(2) ~~(3)~~ Computerized jackpot/fill systems shall be restricted so as to prevent unauthorized access and fraudulent payouts by one person as required by §542.16(a).

(3) ~~(4)~~ Payout forms shall be controlled and routed in a manner that precludes any one person from producing a fraudulent payout by forging signatures or by altering the amount paid out subsequent to the payout and misappropriating the funds.

(e) Promotional **prize** payouts or awards.

Comment (July): Recommend changing the title of this section to “Gaming machine promotional prize payouts or awards”.

Response: Agree.

Proposed revision as a result of July comment:

(e) **Gaming machine** promotional **prize** payouts or awards. **(1) The conditions for participating in promotional payout events, including drawings and giveaway programs, shall be prominently displayed or available for customer review at the gaming operation.**

Justification: Standard is intended to require that the rules pertaining to gaming machine promotion prize payouts or awards be posted or made available to the public.

Comment (July): Recommend removal of “...drawings and giveaway programs” because some drawings and giveaway programs could be funded directly by the tribal government via a marketing budget.

Response: Staff is unaware of casino drawings and giveaway programs being funded by tribal government, which on the surface represents a questionable transaction. Expenses of the gaming operation should be so recognized and

expenses of the government funding its operating costs and programs should be recognized by the government; thereby, ensuring the accurate and appropriate accounting for the consumption of resources by both. Because of the reasons noted, staff disagrees with the comment.

(2) (4) If a gaming operation offers promotional **prize** payouts or awards that are not reflected on the gaming machine pay table **and are deducted from gross gaming revenue**, then the payout form/documentation shall include:

Justification: Standard is intended to clarify that the following controls are applicable to only those prizes and awards that are given out as a result of a wagering transaction.

Comment (July): No comment if previous comment adopted.

Response: This requirement relates to payouts and awards that are “not on the glass” but are deducted from gross gaming revenue. Previous comment pertaining to tribal government funding of casino operating expenses is not considered to be worthy of consideration.

(i) Date and time;

(ii) Machine number, ~~and denomination~~ **or for server-based games and mobile gaming systems, the player terminal;**

Justification: Revision is intended to expand the scope of the standard to include server-based games, mobile gaming systems and player terminals.

Comment (July): Recommend adding “number” after “player terminal” and including definition in 542.2 for “mobile gaming systems”.

Response: Agree.

Proposed revision as a result of July comment:

(ii) Machine number, ~~and denomination~~ **or for server-based games and mobile gaming systems, the player terminal number;**

Comment (July): Recommend including definition in 542.2 for “mobile gaming systems”.

Response: Agree. The following definition for mobile gaming systems will be added to §542.2 Definitions:

Mobile gaming system means a system that allows for the conduct of games through mobile communications devices operated solely within a public area of the licensed gaming establishment by the use of communications technology that allows a patron to bet or wager, and corresponding information related to the display of the game, gaming outcomes or other similar information.

(iii) Dollar amount of payout or description of personal property (e.g., jacket, toaster, car, etc.), including fair market value;

(iv) Type of promotion (e.g., double jackpots, four-of-a-kind bonus, etc.); and

(v) **Two employee signatures for all payouts of \$100 or more. For computerized casino accounting systems that validate and print the dollar amount of the payout on a computerized form, only one employee signature is required on the payout form.** ~~Signature of one employee authorizing and completing the transaction.~~

Justification: Revision is intended to require that if the amount of the prize of award is \$100 or more, then two employees are required to perform the payout transaction; however, if a computerized casino account system is relied upon to validate and print the payout, then only one employee is required to authorize the transaction.

(3) If a gaming operation offers promotional prize payouts or awards that are not reflected on the gaming machine pay table and are not deducted from gross gaming revenue, then the payout form/documentation shall include;

(i) For promotional prize payouts less than \$600, the documentation created must support the decrease in bank accountability, such as a line item on a gaming machine or cage accountability document (e.g., “45 \$10 cash giveaway coupons=\$450”).

(ii) For promotional prize payouts \$600 or more, two employees verifying and witnessing the payout shall be documented on the payout form authorizing and completing the transaction.

Comment (July): How was the \$600 threshold established?

Response: It was established by a prior MICS Advisory Committee. The proposed revision will facilitate consistency with the MICS.

Comment (July): Please clarify what this standard does not apply to.

Response: The difference is that for (i), there is no documentation required and for (ii) there must be a witness, etc.

(4) Payout forms shall be sequentially numbered and if a form is voided, the employee completing the void shall clearly mark “void” across the face of the form, sign adjacent to the void indication, and submit all parts of the payout form to the accounting department for retention and accountability.

Comment (July): Please provide clarification on how compliance with the above standard could be achieved where a computerized casino accounting system or a system-based promotion is used i.e. no payout forms generated except where IRS reporting requirements are triggered?

Response: It is noteworthy to recognize that the above standard is relevant to two types of gaming machine promotional prize payouts and awards. The first type involves promotional payouts that are made in conjunction with a winning wager but are not included on the payout schedule (off the glass). An example of such a payout might be a casino jacket awarded in conjunction with a royal flush payout on a video poker machine. The proposed revision requires that such payouts be supported by documentation that satisfies certain conditions. The documentation requirement is further justified by the fact that the payout is deductible from handle (coin-in) and is, therefore, a component of the gross gaming revenue computation.

The second type of gaming machine promotional payout is one that is not deductible for handle. An example would be a drawing reserved for gaming machine patrons, such drawing might enable multiple entries based on a patron's play. Cars are often awarded based on such promotional programs. The regulation in question would require appropriate documentation supporting the payout. It should be noted that the supporting documentation for promotional payouts of this nature is determined by the value of the payout. Lesser authorization and documentation requirements pertain to payouts valued at less than \$600.

To address the comment specifically, if an on-line gaming machine system produced promotional payouts in conjunction with a wagering event, such as a bonusing program, it would be necessary for the system to produce the necessary accounting data that would recognize the wagering payout. If the machine locked up (not to exceed \$1,200) the jackpot payout slip would represent the supporting documentation.

If a gaming machine on-line system produced a promotional award unrelated to a wagering event, such as an award based on a patron's play, it is anticipated that, if the award is in the form of cash or some other item of value, such as a meal coupon, that a document will be created by the system representing the obligation to the patron. When the patron redeems the document, it becomes the supporting document to the decrease in accountability. For example, a coupon for \$10 represents the supporting documentation to the decrease in the accountability of the cashier who paid the patron.

With regard to the award of promotional wagering credits to a patron's wagering account or player club account, other standards within the gaming machine section address such transactions.

(5) Payout forms shall be controlled and routed in a manner that precludes any one person from producing a fraudulent payout by forging signatures or by altering the amount paid subsequent to the payout and misappropriating the funds.

Justification: Revision is intended to establish the controls relevant to gaming machine prizes and award payouts not made in conjunction with a wagering transaction. For promotional payouts in which the individual amounts do not exceed the threshold, supporting documentation to the reduction in the bank that made the payout is all that is required. If the payout amount is \$600 or more, two employees are required to authorize the payout.

Additionally, standards are established for the control over the payout forms and procedures relevant to the voiding of a form.

Comment (July): If the payment for the promotional payout or award is coming from a fund separately appropriated by the tribal government, then the NIGC does not have regulatory authority of these types of transactions.

Response: To ensure the appropriate accounting for such transactions, if the expense pertains to the gaming operation, it should be appropriately recognized as a cost of doing business of the gaming enterprise and the MICS is relevant. If tribal government were to expend funds of a public relations nature unrelated to the conduct of business by the gaming operation, then the MICS would have no relevance. It is anticipated that

the tribe would appropriately recognize the gaming facility's operating costs and that the costs of operating tribal government and funding of its investment and entitlement programs would be appropriately segregated from the gaming operation.

~~(f) (n) Cash-out tickets.~~ For gaming machines that utilize cash-out tickets, the following standards apply. ~~This standard is not applicable to Tiers A and B. Tier A and B gaming operations shall develop adequate standards governing the security over the issuance of the cash-out paper to the gaming machines and the redemption of cash-out slips.~~

~~(1) In addition to the applicable auditing and accounting standards in paragraph (m) of this section, on a quarterly basis, the gaming operation shall foot all jackpot cash-out tickets equal to or greater than \$1,200 and trace totals to those produced by the host validation computer system.~~

Justification: The standard is proposed to be deleted since current cash-out systems do not always differentiate between a jackpot ticket and an accumulated credit payout. Essentially, the standard fails to reflect current technological enhancements.

Paper controls applicable to Tier A and B, which were intended to provide an alternative control to validation for smaller gaming operations, are proposed to be deleted. To effectively mitigate the risk of counterfeit or fraudulent tickets, all cash-out tickets must be validated prior to payment.

The auditing procedures are proposed to be deleted and replaced by more comprehensive procedures reflected in the Accounting and auditing Section.

(1) The issuance of cash-out tickets for promotional purposes, other than through actual gaming machine play or through the purchase of cash-out tickets by the customer, shall be sufficiently documented and authorized by management personnel independent of the gaming machine department. Alternatively, gaming machine supervisory employees may authorize the issuance of the cash-out tickets for promotional purposes if sufficient documentation is generated and employees

independent of the gaming machine department randomly verify the issuance of the cash-out tickets on a quarterly basis.

Justification: Revision recognizes that cash-out tickets may be issued for promotional purposes that would be independent of a wager or purchase and is proposed to establish controls over such transactions. The standard requires appropriate documentation and authorization by independent management. Alternatively, gaming machine management may authorize provided there is routine random auditing of the tickets issued.

Comment (July): What is a cash-out ticket? What is the purpose of this standard? Recommend calling it a promotional ticket. Definition for promotional ticket needs to be added to definitions.

Response: As relevant to the gaming section, a cash-out ticket is a negotiable ticket for a stated value issued to a customer by a gaming machine. The purpose of the subject regulation is to establish controls relevant to cash-out tickets issued for a promotional purpose, which, as previously noted, are readily convertible to cash. Definition of promotional cash-out ticket will be added to the definitions; however, it should be noted that the only distinction between this type of ticket and any other is that this does not result from play but, instead, as a result of the manual entry or request by a person possessing such authority.

(2) The customer may request a cash-out ticket from the gaming machine that reflects all remaining credits. The cash-out ticket shall be printed at the gaming machine by an internal document printer. The cash-out ticket shall be valid for a time period specified by the Tribal gaming regulatory authority, or the gaming operation as approved by the Tribal gaming regulatory authority. Cash-out tickets may be redeemed for payment or inserted in another gaming machine and wagered, if applicable, during the specified time period. **The printed cash-out ticket shall include the following;**

(i) Gaming operation name;

(ii) Gaming machine number, or for server-based games and mobile gaming systems, the player terminal number;

(iii) Date and time of issuance;

(iv) Alpha and numeric dollar amount;

(v) Validation number; and

(vi) Expiration period or date when ticket will expire, if applicable.

Justification: The standard is intended to establish the minimum informational requirements that must be included on a cash-out ticket and to improve terminology.

(3) The customer shall redeem the cash-out ticket at a change booth or cashiers' cage. Alternatively, if a gaming operation utilizes a remote computer validation system, the Tribal gaming regulatory authority, or the gaming operation as approved by the Tribal gaming regulatory authority, shall develop alternate standards for the maximum amount that can be redeemed, which shall not exceed \$2,999.99 per cash-out transaction.

Comment (July): Recommend replacing the word “shall” with “may” on the first line of the subsection. Also recommend adding the language “ticket redemption system or kiosk” at the end of the first sentence of this subsection in order to be all encompassing. And change “remote computer validation system” to “remote ticket validation system” and add “or hand pay” to the second sentence.

Response: Agree with all recommendations noted above with the exception of adding “or hand pay”.

Proposed revision as a result of July comment:

(3) The customer ~~shall~~ **may** redeem the cash-out ticket at a change booth, ~~or~~ cashiers' cage, **ticket redemption system or kiosk**. Alternatively, if a gaming operation utilizes a remote ~~computer~~ **ticket** validation system, the Tribal gaming regulatory authority, or the gaming operation as approved by the Tribal gaming regulatory authority, shall develop alternate standards for the maximum amount that can be redeemed, which shall not exceed \$2,999.99 per cash-out transaction.

(4) **Prior to making payment on a cash-out ticket, an employee shall verify the validity of the ticket through the computerized casino accounting system. Payment of tickets greater than an amount predetermined by management (not to exceed \$10,000) shall be approved by supervisory personnel by signing, dating, and writing/stamping a paid designation on the ticket. This predetermined amount shall**

be authorized by management (as approved by the Tribal gaming regulatory authority), and documented authorization maintained. Upon presentation of the cash-out ticket(s) for redemption, the following shall occur:

~~(i) Scan the bar code via an optical reader or its equivalent; or~~

~~(ii) Input the cash-out ticket validation number into the computer.~~

~~(5) The information contained in paragraph (n) (4) of this section shall be communicated to the host computer. The host computer shall verify the authenticity of the cash-out ticket and communicate directly to the redeemer of the cash-out ticket.~~

Justification: Standards stipulating the specific procedures to be followed to validate a ticket are proposed to be deleted and replaced by the general requirement that tickets must be validated prior to payment.

The revision is also intended to add controls governing redemption of large tickets. Supervisory approval of \$10,000 ticket payouts is considered to be an appropriate threshold for the very large gaming operation; consequently, ample discretion is afforded to TGRA to establish a lesser amount more suitable for their gaming operation(s).

Comment (July): Recommend adding phrase that stipulates TGRA shall develop procedures to address the issue.

Response: Agree. Modified accordingly.

Comment (July): Recommend replacing “on-line accounting system” with “system” or “host validation system” or similar.

Response: Agree to replace with “system” where applicable.

Proposed revision as a result of July comments:

(4) Prior to making payment on a cash-out ticket, an employee shall verify the validity of the ticket through the system. The Tribal gaming regulatory authority shall develop procedures for payment of tickets greater than a predetermined amount (not to exceed \$10,000), which shall include documentation of supervisory

approval prior to payment. Upon presentation of the cash-out ticket(s) for redemption, the following shall occur:

~~(i) Scan the bar code via an optical reader or its equivalent; or~~

~~(ii) Input the cash-out ticket validation number into the computer.~~

~~(5) The information contained in paragraph (n) (4) of this section shall be communicated to the host computer. The host computer shall verify the authenticity of the cash-out ticket and communicate directly to the redeemer of the cash-out ticket.~~

(5) When a cash-out ticket in excess of \$100 cannot be validated (scanned) for payment through the computerized casino accounting system other than because of a system failure (i.e., lost, stolen, mutilated or expired tickets), supervisory personnel shall approve payment by signing, dating, and writing/stamping a paid designation on the ticket. The amount of the payment shall also be recorded on the ticket if the pre-printed amount is not legible. If the ticket is not available, a document shall be prepared evidencing the approval and the above required information along with the ticket's validation number, if available. Prior to such payments, supervisory personnel shall review the applicable gaming machine play transaction history or other computerized casino accounting system records to verify the validity of the ticket. The payment of the ticket shall be entered into the computerized casino accounting system by cage/gaming machine/accounting employees immediately, as applicable.

~~(6) If valid, the cashier (redeemer of the cash-out voucher ticket) pays the customer the appropriate amount and the cash-out ticket is electronically noted "paid" in the~~

~~system. The “paid” cash-out voucher ticket shall remain in the cashiers’ bank for reconciliation purposes. The host validation computer system shall electronically reconcile the cashier’s banks for the paid cashed-out tickets.~~

~~(7) If invalid, the host computer shall notify the cashier (redeemer of the cash-out ticket). The cashier (redeemer of the cash-out ticket) shall refuse payment to the customer and notify a supervisor of the invalid condition. The supervisor shall resolve the dispute.~~

Justification: Recognizing that management may deem it appropriate to pay a ticket that cannot be validated or if the ticket is unavailable, the above standard stipulating payment only after validation is proposed to be deleted. The replacement standard is intended to establish minimum controls governing the payment of a ticket in excess of \$100 that cannot be validated through normal means.

Comment (July): Where did the \$100 threshold come from?

Response: The \$100 threshold comes from the Nevada MICS, which has, generally speaking, been the guidepost for the NIGC MICS. This is the amount over which supervisory (management) approval is required for payment of a ticket that cannot be validated (scanned).

Comment (July): Standard is unclear. It could be interpreted as requiring management to approve. Recommend replacing “shall” with “may”.

Response: Management has discretion to approve or not approve for payment, based on the circumstances and management’s judgment. Will revise for clarity. Note: Revision eliminates need for replacement of shall with may.

Comment (July): Is there any accounting implication?

Response: No. It could be the customer’s money or accumulated credits.

Proposed revision as a result of July comments:

(5) Cash-out tickets in excess of \$100 that cannot be validated (scanned) by the system for reasons other than system failure (e.g. lost, stolen, mutilated or expired tickets) shall require supervisory approval prior to payment. Supervisory personnel

shall review the applicable gaming machine play transaction history or other system records to verify the validity of the ticket. The supervisor shall document approval for payment by signing, dating, and writing/stamping a paid designation on the ticket. If the pre-printed amount of the ticket is not legible, it shall also be recorded on the ticket. If the ticket is not available, a document shall be prepared evidencing the approval and documenting the above required information as well as the ticket's validation number, if available. The payment of the ticket shall be entered into system by cage/gaming machine/accounting employees immediately, as applicable.

(6) In the event of system failure, supervisory personnel shall approve payment of cash-out tickets in excess of an amount predetermined by management (not to exceed \$500) by signing, dating, and writing/stamping a paid designation on the ticket. Prior to such payments, supervisory personnel shall review the gaming machine play transaction history or any other similar method to verify the validity of the ticket. The payment of the ticket shall be entered into the system by cage/gaming machine/accounting employees when the system resumes operation. This predetermined amount shall be authorized by management (as approved by the Tribal gaming regulatory authority), documented, and maintained.

Comment (July): Standard is unclear. It could be interpreted as requiring management to approve. Recommend replacing “shall” with “may”.

Response: Management has discretion to approve or not approve for payment, based on the circumstances and management's judgment. Will revise for clarity. Note: Revision eliminates need for replacement of shall with may.

Comment (July): In some operations it is the slot department and management who handle the tickets during a system failure, not the cage.

Response: Comment noted for informational purposes.

Proposed revision as a result of July comments:

(6) Cash-out tickets in excess of an amount predetermined by management (not to exceed \$500) that cannot be validated (scanned) by the system because of system failure shall require supervisory approval prior to payment. Supervisory personnel shall review the applicable gaming machine play transaction history or other similar method to verify the validity of the ticket. The supervisor shall document approval for payment by signing, dating, and writing/stamping a paid designation on the ticket. The payment of the ticket shall be entered into the system by cage/gaming machine/accounting employees when the system resumes operation. This predetermined amount shall be authorized by management (as approved by the Tribal gaming regulatory authority), documented, and maintained.

(7) During a system failure, cash-out tickets not requiring supervisory approval for payment when paid shall be written/stamped with a paid designation, signed by the cashier, and noted with the date paid. The payment of the ticket shall be entered into the computerized casino accounting system by cage/gaming machine/accounting personnel when the system resumes operation.

~~(8) If the host validation computer system temporarily goes down, cashiers may redeem cash-out tickets at a change booth or cashier's cage after recording the following:~~

~~(i) Serial number of the cash-out ticket;~~

~~(ii) Date and time;~~

~~(iii) Dollar amount;~~

~~(iv) Issuing gaming machine number;~~

~~(v) Marking ticket “paid”; and~~

~~(vi) Ticket shall remain in cashier’s bank for reconciliation purposes.~~

Justification: It is proposed that the standard stipulating the information that must be captured from a ticket that is paid during a system failure be deleted and replaced by the requirement that, after the system returns, cage or accounting personnel must enter the tickets that had been paid.

A requirement is proposed to mitigate the risk of redeeming unverified tickets by requiring management approval of an individual ticket payout of \$500 or more or a lesser amount established by the Tribal gaming regulatory authority.

(8) Unredeemed cash-out tickets can only be voided in the computerized casino accounting system when the ticket is available and when voided by an employee independent of the gaming machine department. The employee completing the void shall enter the void into computerized casino accounting system and clearly mark “void” across the face of the ticket, date, and sign the face of the ticket. The accounting department shall maintain the voided tickets.

Comment (July): What is the risk? Why couldn’t it be a slot department supervisor?

Response: The standard reasonably presumes gaming machine department custody of the unredeemed cash-out ticket. Independent completion of the voiding procedure reduces the risk that the void might intentionally not be completed, and the ticket retained for the purpose of later improper redemption, by segregating the recording function from the custody and authorization functions.

Comment (July): Add parenthetical “physical tickets” after “cash-out tickets”.

Response: Agree. Modified accordingly.

Comment (July): How long must the voided tickets be retained?

Response: Accounting must retain for at least five years, electronic or hard copy.

Proposed revision as a result of July comments:

(8) Unredeemed cash-out tickets (physical tickets) can only be voided in the system when the ticket is available and when voided by an employee independent of the gaming machine department. The employee completing the void shall enter the void into system and clearly mark “void” across the face of the ticket, date, and sign the face of the ticket. The accounting department shall maintain the voided ticket.

~~(9) Cash-out tickets shall be validated as expeditiously as possible when the host validation computer system is restored.~~

(9) Cash-out tickets found by employees shall be held in a secure location until claimed by a customer, or until such time as the tickets expire or are paid.

Comment (July): Retaining “found” cash-out tickets, which are generally small amounts, could result in a paper storage issue. Recommend that gaming operation be authorized to develop procedures for disposition of tickets found by its employees (as approved by TGRA)

Response: Agree. Modified accordingly.

Proposed revision as a result of July comment.

(9) The gaming operation shall develop and the Tribal gaming regulatory authority shall approve procedures for the disposition of cash-out tickets found by employees.

~~(10) The Tribal gaming regulatory authority, or the gaming operation as approved by the Tribal gaming regulatory authority, shall establish and the gaming operation shall comply with procedures to control cash-out ticket paper, which shall include procedures that:~~

~~(i) Mitigate the risk of counterfeiting of cash-out ticket paper;~~

~~(ii) Adequately control the inventory of the cash-out ticket paper; and~~

~~(iii) Provide for the destruction of all unused cash-out ticket paper.~~

~~(iv) Alternatively, if the gaming operation utilizes a computer validation system, this standard shall not apply.~~

(10) (14) If the system is down for more than four (4) hours, the gaming operation shall promptly notify the Tribal gaming regulatory authority or its designated representative.

~~(12) These gaming machine systems shall comply with all other standards (as applicable) in this part including:~~

~~(i) Standards for bill acceptor drop and count;~~

~~(ii) Standards for coin drop and count; and~~

~~(iii) Standards concerning EPROMS or other equivalent game software media.~~

Justification: Revision is intended to establish controls for the voiding of unredeemed tickets and create the requirement that found tickets must be held in a secure location.

Furthermore, various standards pertaining to ticket paper controls are being deleted since, to effectively mitigate the risk associated with ticket redemption, all cash-out tickets must be validated.

Revision is deleting the standard requiring that the gaming machine system comply with all other standards in the MICS since the requirement is unnecessary.

(g) (f) *Gaming machine department funds standards.* (1) The gaming machine booths and change banks that are active during the shift shall be counted down and reconciled each shift by two employees utilizing appropriate accountability documentation.

~~Unverified transfers of cash and/or cash equivalents are prohibited. (Revised August 12, 2005)~~

(i) Gaming machine department automated kiosks (e.g., change machines, cashless wagering kiosks, jackpot payout kiosks, etc.) do not require counting/reconciling each shift.

Comment (July): As the MICS become more voluminous, is cross-referencing among the various sections needed?

Response: The suggestion has been taken under advisement.

(ii) Unverified transfers of cash and/or cash equivalents are prohibited.

Justification: Revision is intended to clarify the applicability of the bank reconciliation requirement.

(2) A computerized casino accounting system shall provide records of the dollar amount of active cash-out tickets created (i.e., available for sale or distributed for promotional purposes) and of wagering account transactions (i.e., deposits, withdrawals, and account adjustments) that should be reflected in the bank's accountability. Such computerized casino accounting system records shall be utilized in reconciling, at least once a day, the inventory of active cash-out tickets and funds held for wagering accounts.

Justification: Revision is intended to establish the data requirements of the computerized casino accounting system necessary to effectively perform required reconciliations.

Comment (July): How are active cash-out tickets and cash-out tickets related? This appears to be a technical standard, not an internal control.

Response: The standard is attempting to communicate that all cash-out tickets are active (live documents) until redeemed or cancelled without regard to whether the ticket was issued by a gaming machine or created and issued to a cashier for inclusion in the cashier's accountability until sold. The standard is relevant to the data produced by an on-line system necessary to provide basic accounting for cash-out tickets issued by the system. The control has minimal relevance to the typical technical standards that would be applied to a gaming machine cashless system or patron account wagering system. The commenter may wish to consult the technical standards of the established gaming jurisdiction to gain an understanding of the difference between internal controls, which pertain to procedures governing the authorization, recognition and recordation of gaming and gaming related transactions, and technical standards, which pertain to the functionality of gaming or gaming-related software programs and equipment.

Comment (July): We are concerned with the use of the word cash-out to describe the ticket because these are not cash-out tickets in the traditional sense but rather are tickets held for sale or for promotional use.

Response: The MICS takes the position that a cash-out ticket is a term widely recognizable within the gaming industry and is intended to denote the negotiability of the bearer debt instrument. Essentially, the ticket can be readily exchanged for cash. Consequently, the source of the ticket is not relevant to the term.

(3) (2) The wrapping of loose gaming machine booth and cage cashier coin shall be performed at a time or location that does not interfere with the hard count/wrap process or the accountability of that process.

~~**(3) A record shall be maintained evidencing the transfers of wrapped and unwrapped coins and retained for seven (7) days.**~~

(4) All transfers of funds from one bank to another bank shall be documented.

(i) Each even-money exchange (cash or noncash) shall be recorded on a separate multi-part form and retained for at least 24 hours. No documentation is required to be completed when the funds for an even-money exchange are transferred from one bank to another bank instantaneously (e.g., \$100 denomination bills are exchanged for \$20 denomination bills).

Comment (July): Has this been compared against the Cage section to ensure consistency.

Response: There is nothing inconsistent with the proposed standard in the Cage section (§542.14).

Comment (July): What does instantaneously mean?

Response: A transfer from hand to hand.

Comment (July): Recommend adding “hand to hand” to clarify.

Response: Agree. Modified accordingly.

Proposed revision as a result of July comments:

(i) Each even-money exchange (cash or noncash) shall be recorded on a separate multi-part form and retained for at least 24 hours. No documentation is required to be completed when the funds for an even-money exchange are transferred from one bank to another bank instantaneously (hand to hand) (e.g., \$100 denomination bills are exchanged for \$20 denomination bills).

(ii) Each increase/decrease to a bank's accountability inventory with funds from the cage/vault shall be recorded on a separate multi-part form having a preprinted or concurrently printed number. All parts of the form shall be sent to the accounting department daily and retained for at least 7 days.

Justification: Revision is intended to clarify and establish additional controls specific to fund transfers and even money exchanges. It is to establish controls governing the increase and decrease of a bank's inventory.

Comment (July): What does "bank" mean in this section?

Response: A bank issued to a slot employee. Will add the word "imprest" to clarify.

Comment (July): Has this been compared against the Cage section to ensure consistency.

Response: There is nothing inconsistent with this proposed standard in the Cage section (542.14).

Comment (July): Do not believe that printed or concurrent numbering is required in the Cage section.

Response: Increases/decreases to the cage inventory can result from different transactions, such as the drop, front money deposits or bank deposits. However, a gaming machine department imprest bank is anticipated to increase or decrease only from transfers to or from the cage; consequently, preprinted or concurrently numbered forms documenting such transactions are considered warranted.

Proposed revision as a result of July comments:

(ii) Each increase/decrease to an imprest bank's accountability inventory with funds from the cage/vault shall be recorded on a separate multi-part form having a preprinted or concurrently printed number. All parts of the form shall be sent to the accounting department daily and retained for at least 7 days.

(5) For each kiosk that redeems and/or sells cash-out tickets the following standards shall apply;

Comment (July): Definition for "kiosk" is needed.

Response: Agree. The following definition will be added to §542.2:

Kiosk. A self-serve point of sale or other component capable of accepting or dispensing financial instruments and may also be capable of initiating cashless transactions of values to or from a patron deposit account or promotional account.

Comment (July): What does "sells cash-out tickets" mean? Is this really a cash-out ticket?

Response: Yes. They are tickets created for specified values for sale to the public. The tickets can be wagered in a gaming machine.

Comment (July): Could we use the word "dispenses" rather than "sells"?

Response: Agree. Modified accordingly.

Proposed revision as a result of July comments:

(5) For each kiosk that redeems and/or dispenses cash-out tickets the following standards shall apply;

(i) At least weekly, tickets redeemed at the kiosk shall be removed by at least two employees.

Comment (July): Employees should be from independent departments.

Response: Agree. Modified accordingly

Proposed revision as a result of July comments:

(i) At least weekly, tickets redeemed at the kiosk shall be removed by at least two employees independent of the gaming machine department.

(ii) At least weekly, a minimum of two employees shall remove the remaining bills (including cash from a currency acceptor) from the kiosk, count the cash, and document the count.

(iii) At least quarterly, at least two employees shall remove the remaining coin from the kiosk, count the coin, and document the count.

Comment (July): Employees should be from independent departments.

Response: Agree. Modified accordingly

Proposed revision as a result of July comments:

(iii) At least quarterly, at least two employees independent of the gaming machine department shall remove the remaining coin from the kiosk, count the coin, and document the count.

(iv) Whenever employees remove cash out tickets from a kiosk, or cash is removed from or inserted into a kiosk, kiosk reports shall be generated from the kiosk regarding kiosk transactions and accountability.

(v) At least weekly, the cash remaining in each kiosk (including cash accepted by the kiosk) shall be reconciled to the cash initially loaded into the kiosk (i.e., imprest amount) less tickets redeemed plus tickets sold, by a slot, cage, or accounting employee. The kiosk reports shall be compared to the transactions recorded by the computerized casino accounting system. Variances shall be documented and investigated.

(vi) Cash-out tickets shall ultimately be delivered to the accounting department.

(6) For each employee jackpot payout kiosk the following standards shall apply:

Comment (July): What is the purpose of this sub-section?

Response: The purpose of the sub-section is to set minimum internal control standards for employee jackpot payout kiosks.

(i) At least weekly, kiosk reports shall be compared to other system reports (e.g., gaming machine jackpot reports).

(ii) At least weekly, a minimum of two employees shall remove the remaining bills from the kiosk, count the cash, and document the count.

Comment (July): Employees should be from independent departments.

Response: Agree. Revised accordingly.

Proposed revision as a result of July comment:

(ii) At least weekly, a minimum of two employees independent of the gaming machine department shall remove the remaining bills from the kiosk, count the cash, and document the count.

(iii) At least quarterly, a minimum of two employees shall remove the remaining bills and coin from the kiosk, count the cash and document the count.

Comment (July): Employees should be from independent departments.

Response: Agree. Revised accordingly.

Comment (July): Does this mean that the bills need to be removed again (since they are already removed on a weekly basis)?

Response: No. Reference to bills will be deleted from standard for clarity.

Proposed revision as a result of July comments:

(iii) At least quarterly, a minimum of two employees independent of the gaming machine department shall remove the remaining coin from the kiosk, count the cash and document the count.

(iv) Whenever cash is removed from or inserted into a kiosk, kiosk reports shall be generated from the kiosk regarding the kiosk transactions and accountability.

(v) At least weekly, the cash remaining in each kiosk shall be reconciled to the cash loaded into the kiosk less the payouts from the kiosk, by a gaming machine, cage or accounting employee. The kiosk reports shall be compared to the transactions recorded by the other systems (e.g., gaming machine jackpot reports). Variances shall be documented and investigated.

Justification: Revision is intended to establish controls governing the maintenance and auditing procedures associated with ticket redemption and jackpot payout kiosks.

(h) ~~(g)~~ Game program EPROM control standards. (1) Personnel who are independent of the gaming machine department and independent of any other department involved in the operation of server-based games and server-supported games, or a representative of an outside entity, shall perform the following;

Comment (July): What do the terms server-based games and server-supported games mean?

Response: Server-based means that the “box” on the floor is relying entirely on the server in the back of the house to make the determination of the outcome of the game. Server-supported means that once the game is downloaded to the “box” on the floor, it is just like any other slot machine in that it makes its own independent determination of the outcome of the game.

Comment (July): Definitions for server-based games, server-supported games and mobile gaming systems should be added to the definitions section.

Response: Agree. Definitions will be added to §542.2

- (i) At least annually, procedures shall be performed to insure the integrity of a sample of gaming machine game programs (e.g., game programs stored on ROMs, EPROMs, FLASH ROMs, DVD, CD-ROM, hard drive or Compact Flash), EPROMs including those stored on the game server of a server-based game, or other equivalent game software media, by personnel independent of the gaming machine department or the machines being tested to ensure that the game program is an unaltered Tribal gaming regulatory authority approved game program.

Comment (July): This is clearly a regulatory function.

Response: The control is relevant to the gaming operation; however, the TGRA may, at its discretion, may assume responsibility for performance.

Comment (July): Performer of these functions should require TGRA approval.

Response: At the discretion of the TGRA, regulatory approval of the performers of the stipulated testing may be required.

Comment (July): Are we assuming that the TGRA is approving the game program?

Response: Yes, either through direct action of the TGRA or indirectly through a state Compact.

(ii) For server-supported games and server-based games, for at least one day per quarter, review a sample of server modification logs. The reviewer shall identify any changes to the existing game programs provided by the server-supported games or on the game server of a server-based games, and shall document and maintain the results of the review. All noted improper changes to game programs, improper transactions or unusual occurrences shall be investigated with the results documented and provided to the Tribal gaming regulatory authority upon request.

Comment (July): These matters should be reported to the TGRA as they occur, not awaiting TGRA request to do so.

Response: Agree. TGRA may stipulate under what conditions they wish to be notified. Modified accordingly.

Proposed revision as a result of July comment.

(ii) For server-supported games and server-based games, for at least one day per quarter, review a sample of server modification logs. The reviewer shall identify any changes to the existing game programs provided by the server-supported games or on the game server of a server-based games, and shall document and maintain the results of the review. All noted improper changes to game programs, improper transactions or unusual occurrences shall be investigated with the results documented and provided to the Tribal gaming regulatory authority as required.

(2) The Tribal gaming regulatory authority, or the gaming operation subject to the approval of the Tribal gaming regulatory authority, shall develop and implement game program (**ROMs, EPROMs, FLASH ROMs, DVD, CD-ROM, hard drive and Compact Flash**) procedures for the following:

- (i) Removal of game programs ~~EPROMs~~, or other equivalent game software media, from devices, the verification of the existence of errors as applicable, and the correction via duplication from the master game program **EPROM**, or other equivalent game software media;
- (ii) Copying one gaming device program to another approved program;
- (iii) Verification of duplicated **game program** ~~EPROMs~~ before being offered for play;
- (iv) Receipt and destruction of **game programs** ~~EPROMs~~, or other equivalent game software media; and

(v) Securing the game program EPROM, or other equivalent game software media, duplicator, and master game program EPROMs, or other equivalent game software media, from unrestricted access.

(3) The master game program number, par percentage, and the pay table shall be verified to the ~~par sheet~~ theoretical hold worksheet when initially received from the manufacturer.

Comment (July): Recommend replacing the words “theoretical worksheet” with “par sheet”.

Response: Agree. See proposed language below.

Proposed revision as a result of July comment:

(3) The master game program number, par percentage, and the pay table shall be appropriately verified ~~to the par sheet when initially received from the manufacturer~~ (par sheet/theoretical hold worksheet) prior to initiating play.

(4) Gaming machines with potential jackpots in excess of \$100,000 shall have the game software circuit boards locked or physically sealed. The lock or seal shall necessitate the presence of a person independent of the gaming machine department to access the device game program **EPROM**, or other equivalent game software media. If a seal is used to secure the board to the frame of the gaming device, it shall be pre-numbered.

~~(5) Records that document the procedures in paragraph (g) (2) (i) of this section shall include the following information:~~

~~(i) Date;~~

~~(ii) Machine number (source and destination);~~

~~(iii) Manufacturer;~~

~~(iv) Program number;~~

~~(v) Personnel involved;~~

~~(vi) Reason for duplication;~~

~~(vii) Disposition of any permanently removed EPROM, or other equivalent game software media;~~

~~(viii) Seal numbers, if applicable; and~~

~~(ix) Approved testing lab approval numbers, if available.~~

~~(6) EPROMS, or other equivalent game software media, returned to gaming devices shall be labeled with the program number. Supporting documentation shall include the date, program number, information identical to that shown on the manufacturer's label, and initials of the person replacing the EPROM, or other equivalent game software media.~~

Justification: Revision is intended to clarify the scope of the game program or other media verification testing; to establish minimum testing procedures; to delete record keeping deemed to be unnecessary and to add clarity to the terminology used.

~~(i) (h) Standards for evaluating theoretical and actual hold percentages.~~ (1) Accurate and current theoretical hold worksheets shall be maintained or readily available for each gaming machine pay table, and for each game program on a server-based game server.

Justification: Revision is intended to add clarity to the regulation and expand scope to include server-based game servers.

Comment (July): Does readily available mean downloadable? Does that mean that they do not actually need to be on the property?

Response: That is correct. Being capable of being downloaded satisfies the standard.

Comment (July): What does current mean?

Response: Current as to the gaming devices on the floor at this time.

(2) Performance records for gaming machines and server-based games shall include at a minimum the following:

(i) For each gaming machine or server-based game player terminal, indicating the date placed into service, date(s) removed from operation, date(s) placed back into operation, and any changes in ID numbers and designations.

Justification: Revision is moving existing standard at (h) (7) to provide for better structure to the regulation and to recognize that the scope of the rule includes player terminals.

(ii) For each gaming machine, the initial theoretical hold percentage (if available), dates and type of changes made affecting the gaming machine's theoretical hold percentage, and the recalculation of theoretical hold percentage as a result of the changes. For server-based games, records are created and maintained indicating the pay tables on a server-based game server including the dates pay tables are added or deleted.

(iii) Maintenance of the gaming machine/server-based game player terminal computer data files (theoretical hold percentage, coin-in, drop, payouts, fills and win amounts) shall be performed by a department independent of the gaming department. Alternatively, maintenance of the theoretical hold percentage for each gaming machine/player terminal may be performed by gaming machine supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the gaming machine department on at least a monthly basis.

(iv) Updates to the gaming machine/server-based game player terminal computer data files to reflect gaming machine additions, deletions or movements, and server-

based game player terminal additions, deletions, or changes, shall be made at least weekly, and prior to in-meter readings, generation of system reports, and the gaming machine count process.

Justification: Revision is intended to establish and more clearly define the record keeping requirements for gaming machines and to clarify the scope of the regulation.

(3) For multi-game/multi-denominational gaming machines that cannot communicate the coin-in amount by pay table to a computerized casino accounting system, the following standards shall apply;

Comment (July): Please confirm that this is for systems that cannot communicate this information.

Response: Confirmed.

(i) A record shall be maintained for each gaming machine containing the following information;

(A) Gaming machine number;

(B) Date gaming machine was placed on the floor;

(C) The initial pay tables activated for play (from a library of pay tables) along with each activated payable's theoretical hold percentage as determined by the manufacturer;

(D) The simple average of the theoretical hold percentages of the pay tables initially activated for play; and

(E) The date of each change to the activated pay tables, the revised list of activated pay tables, the theoretical hold percentage for each pay table activated for play, and the new simple average of the theoretical hold percentages of the pay tables activated for play.

(ii) Addition and/or change of progressive percentage contribution to an activated pay table is considered a change to the activated pay tables requiring recalculation of the simple average theoretical hold percentage.

(iii) The theoretical hold percentage is obtained for each activated pay table when multi-game and/or multi-denomination slot machines have different pay tables for each denomination within a game.

(iv) A new gaming machine number is required when the entire library of pay tables within a machine is replaced with a new library of pay tables.

Comment (July): What is the purpose of this standard?

Response: This standard is designed to prevent the commingling of historical performance for what are essentially two different gaming machines.

Proposed revision based on July comments:

(iv) Assignment of a new gaming machine number or other means of differentiating machine performance shall be required when the entire library of pay tables within a machine is replaced with a new library of pay tables.

(v) A new gaming machine number is not required when a new simple average theoretical hold percentage is calculated as a result of a correction of an inaccurate par percentage.

Proposed revision based on July comments:

Comment (July): Some slot accounting systems are capable of doing so without the assignment of a new number.

Response: Agree. Modified accordingly.

(v) Assignment of a new gaming machine number or other means of differentiating machine performance is not required when a new simple average theoretical hold percentage is calculated as a result of a correction of an inaccurate par percentage.

(vi) The gaming machine analysis report shall include the simple average of the theoretical hold percentages of all activated pay tables as the theoretical hold for each gaming machine. The gaming machine analysis report shall be revised to indicate the new simple average theoretical hold percentage whenever there is a change in the activated pay tables.

Justification: Revision is replacing existing standard (h)(2) and creating a separate set of controls relevant to multi-game/denom that are incapable of communicating statistical data pertaining to coin-in by pay table.

(4) For multi-game/multi-denominational gaming machines that can communicate coin-in amount by pay table to the computerized casino accounting system, the following standards shall apply;

(i) The computerized casino accounting system shall capture and record the coin-in amount by pay table and adjust the theoretical hold for each machine as follows;

(A) Weekly, capture and record the total coin-in meter by gaming machine;

(B) Quarterly, capture and record the coin-in meter for each pay table and the coin-in meter for each pay table by denomination when the pay table has a different theoretical hold percentage for each denomination; and

(C) Within 30 days after the end of the fiscal year, adjust the theoretical hold percentage for each gaming machine to a weighted average based upon the ratio of coin-in for each pay table in play during the year. Include the new weighted

average percentage for the gaming machine in the fiscal year end gaming machine analysis report.

Comment (July): Why was it changed from annually to within 30 days of the end of the year?

Response: In order to provide a window of time within which management should make the decision whether to make a change or not.

Comment (July): Recommend changing back to annually.

Response: Agree. Modified accordingly.

Proposed revision based on July comments:

(C) Annually adjust the theoretical hold percentage for each gaming machine to a weighted average based upon the ratio of coin-in for each pay table in play during the year. Include the new weighted average percentage for the gaming machine in the fiscal year end gaming machine analysis report.

(ii) For multiple gaming machines with exactly the same activated pay table mix used throughout the year, the adjusted weighted average theoretical hold percentage may be calculated using a weighted average of the combined slot machines' percentages.

(iii) Adding and/or changing progressive percentage contributions to pay tables requires the use of a new pay table with a new theoretical hold percentage calculated.

Justification: Revision is replacing (h) (2) and is establishing controls applicable to multi-game/denom games that can communicate pay table coin-in data to the on-line accounting systems.

(5) For server-based games, the following theoretical adjustment standards shall apply;

(i) The computerized casino accounting system shall be utilized to complete and document the results of the following procedures (including the theoretical hold percentage reflected in the gaming analysis report) for each player interface ID;

(A) Weekly, capture and record the total coin-in meter by player terminal;

(B) Quarterly, for the pay tables with activity associated with the player terminal, capture and record the coin-in meters for each pay table and the coin-in meter for each pay table by denomination when the pay table has a different theoretical hold percentage for each denomination; and

(C) Within 30 days after the end of the fiscal year adjust the theoretical hold percentage for each player ID to a weighted average based upon the ratio of coin-in for each pay table in play during the year. Include the new weighted average percentage for the player terminal ID in the fiscal year end slot analysis report.

Comment (July): Recommend changing back to annually.

Response: Agree. Modified accordingly.

Proposed revision based on July comment:

(C) Annually adjust the theoretical hold percentage for each player interface ID to a weighted average based upon the ratio of coin-in for each pay table in play during the year. Include the new weighted average percentage for the player terminal ID in the fiscal year end slot analysis report.

(ii) Adding and/or changing progressive percentage contributions to pay tables requires the use of a new pay table with a new theoretical hold percentage calculated.

Justification: Revision is establishing standards pertaining to the capture of statistical data relevant to server-based games.

(6) For gaming machines and server-based game player terminals, the following meter standards shall apply:

(i) All machines and terminals shall at a minimum have functioning coin-in, bill-in and ticket out meters (hard or soft);

(ii) All machines and terminals communicating with a computerized casino accounting system shall contain properly functioning meters (e.g., ticket in, ticket out, etc.) that will enable compliance with this part;

Comment (July): Isn't ticket-in, ticket-out proprietary?

Response: No.

(iii) Bill-in electronic (soft) meter readings shall be captured and recorded immediately prior to or subsequent to a bill acceptor currency acceptor drop. Coin-in electronic (soft) meter readings shall be captured and recorded at least weekly.

Comment (July): Please clarify "bill acceptor currency acceptor".

Response: Typographical error. Corrected below.

Proposed revision based on July comment:

(iii) Bill-in electronic (soft) meter readings shall be captured and recorded immediately prior to or subsequent to a currency acceptor drop. Coin-in electronic (soft) meter readings shall be captured and recorded at least weekly.

(A) The time between readings may extend beyond one week in order for a reading to coincide with the end of an accounting period only if such extension is for no longer than six days;

(B) If a gaming operation chooses to perform a gaming machine coin or currency acceptor drop only once per month, the coin-in electronic (soft) meter readings still shall be captured and recorded at least weekly;

(C) The coin-in and/or bill-in hard meters shall be captured and recorded only when the machine or terminal does not have electronic soft meters;

(D) For gaming operations utilizing a computerized casino accounting system, the meter readings shall be recorded and maintained at the time a drop box (coin or currency) is removed in conjunction with a gaming machine drop.

Comment (July): This standard precludes the use of “smart cans”.

Response: For clarification purposes see proposed language below.

Proposed revision based on July comment:

(D) For gaming operations utilizing a computerized casino accounting system, the meter readings shall be recorded and maintained at the time a drop box (coin or currency) is removed in conjunction with a gaming machine drop. This standard does not preclude the use of “smart cans”.

(iv) If an employee manually records coin-in and bill-in meter readings, the employee recording the readings shall either be independent of the count teams or is assigned on a rotating basis. If the in-meter readings are randomly verified quarterly for all gaming machines and currency acceptors by an employee other than the regular in-meter reader, the regular in-meter reader does not need to be independent of the count teams or assigned on a rotating basis.

(v) The coin-in and bill-in meter readings, by gaming machine/player terminal, shall be documented and maintained.

(vi) Upon receipt of the meter readings information, the accounting department shall review all coin-in meter readings for reasonableness using pre-established parameters.

(vii) Prior to final generation of gaming analysis and performance reports, coin-in meter readings which do not appear reasonable shall be reviewed with gaming machine department employees, and exceptions documented, so that meters can be repaired or clerical errors in the recording of meter readings can be corrected. The final gaming machine analysis report shall be reviewed to ensure that the correct coin-in dollar amount has been recorded.

(viii) When the correct coin-in amount cannot be determined (i.e., coin-in not recorded properly due to meter or system failure), the preferred method for recalculating a reasonable coin-in amount is to use an average coin-in from similar gaming machines/player terminals for the period in question. An alternative method is to use the actual average coin-in for the gaming machine/player terminal in question over the previous four weeks.

Justification: Revision is transferring existing controls at (h) (8) through (13), inclusive of modifications/ clarifications and expanding controls pertaining to the capture of statistical data from stand-alone gaming machines and player terminals

(7) For gaming machine analysis reports, the following standards shall apply;

(i) A gaming machine analysis report shall be generated at least monthly summarizing month-to-date, year-to-date, and if practicable, life-to-date gaming machine/player terminal performance by machine and terminal to include the following data;

(A) Denomination or an indication that the gaming machine/player terminal is multi-denomination;

(B) Gaming machine/player terminal number and game type (“Game type” is a code or abbreviation associated with a specific game. For multi-game gaming machines, the code would be “MG” and for a server-based game, the code would be “SBG”);

Comment (July): Some systems will accept only a single symbol designation.

Response: These designations are cited as examples only. Language modified accordingly.

Proposed revision based on July comment:

(B) Gaming machine/player terminal number and game type (“Game type” is a code or abbreviation associated with a specific game. For example, for multi-game gaming machines, the code could be “MG” and for a server-based game, the code could be “SBG”);

(C) Coin in;

(D) Metered or actual drop (system configurable);

Comment (July): What does “system configurable” mean?

Response: Should read “if system is configurable”. Modified accordingly.

Proposed revision based on July comment:

(D) Metered or actual drop (if system is configurable);

(E) Actual jackpot payout slips issued;

Comment (July): Jackpot payout slips may not be issued from the game. Recommend changing to actual jackpot payouts.

Response: Agree. Modified accordingly.

Proposed revision based on July comment:

(E) Actual jackpot payouts;

(F) Actual fill slips issued (if applicable);

Comment (July): Recommend changing to actual fills.

Response: Agree. Modified accordingly.

Proposed revision based on July comment:

(F) Actual fills;

(G) Statistical win;

(H) Theoretical hold percentage;

(I) Actual hold percentage;

(J) Percentage variance (theoretical hold vs. actual hold); and

(K) Projected dollar variance (i.e., coin in times the percentage variance).

(ii) Actual hold percentage = dollar amount of gaming machine statistical win divided by dollar amount of coin-in. The wagering activity recorded on the coin-in meter for the gaming machine/player terminal includes all negotiable and non-negotiable credits wagered. The gaming machine statistical win represents all drop and payout activity occurring through the gaming device. The drop and payout activity includes the following:

Comment (July): Definition for actual hold percentage is already included in definitions. Strike first sentence

Comment (July): Strike second and third sentence. Replace “includes” in fourth sentence with “shall include”.

Response: Agree. Modified accordingly.

Proposed revision based on July comment:

(ii) The drop and payout activity shall include the following:

(A) The payout activity represents only gaming machine payouts associated with the manufacturer's pay table. Jackpot payouts and fills recorded in the gaming machine analysis report include promotional payouts and/or bonus payouts when the payouts are reflected on the pay table and included in the calculation of the theoretical hold percentage.

Comment (July): Add "shall" after analysis report.

Response: Agree. Modified accordingly.

Comment (July): Does this apply to all payouts? If so, strike jackpots.

Response: Agree. Modified accordingly.

Proposed revision based on July comments:

(A) The payout activity represents only gaming machine payouts associated with the manufacturer's pay table. Payouts and fills recorded in the gaming machine analysis report shall include promotional payouts and/or bonus payouts when the payouts are reflected on the pay table and included in the calculation of the theoretical hold percentage.

(B) The drop activity for gaming machines/player terminals recorded in the gaming machine analysis report includes all amounts placed into bill acceptors (e.g., free play cash-out tickets accepted by the bill acceptor of the gaming machine are included in the drop amount), coin in drop buckets and electronic money transfers made to the gaming device for wagering purposes.

Comment (July): Add "shall" after analysis report.

Response: Agree. Modified accordingly.

Proposed revision based on July comment:

(B) The drop activity for gaming machines/player terminals recorded in the gaming machine analysis report shall include all amounts placed into bill acceptors (e.g., free play cash-out tickets accepted by the bill acceptor of the gaming machine are included in the drop amount), coin in drop buckets and electronic money transfers made to the gaming

(C) The gaming machine statistical win recorded in the gaming machine analysis report may not equal the amount of assessable gross revenues reported in accordance with 25 CFR §514.1.

Comment (July): This is not a control standard but merely an observation.

Response: This is to clarify the difference between assessable gross revenue and statistical win (e.g. accrual of progressive JPs is not included in the former but is included in the latter.

Comment (July): Does “may” refer to small operations that have no progressives?

Response: No. AGR may or may not equal statistical gross revenue depending on a variety of factors.

Comment (July): Recommend adding “may or” for clarity.

Response: Agree. Modified accordingly.

Proposed revision based on July comment:

(C) The gaming machine statistical win recorded in the gaming machine analysis report may or may not equal the amount of assessable gross revenues reported in accordance with 25 CFR §514.1.

(iii) One report shall be generated which includes all gaming machines/player terminals including the gaming machines not communicating with a computerized casino accounting system. For SBG, a separate section of the report with applicable subtotals is required or, alternatively, a separate report may be generated.

Comment (July): Would multiple reports satisfy the standard? If so, recommend deleting “one” and making “report” plural.

Response: Agree. Modified accordingly.

Comment (July): Recommend replacing SBG with “server-based games” wherever it appears.

Response: Agree. Modified accordingly.

Proposed revision as a result of July comments:

(iii) Report(s) shall be generated which includes all gaming machines/player terminals including the gaming machines not communicating with a computerized casino accounting system. For server-based games, a separate section of the report with applicable subtotals is required or, alternatively, a separate report may be generated.

(iv) The theoretical hold percentages used in the gaming machine analysis reports shall be within the performance standards set by the manufacturer and shall not include other fees (e.g., a percentage payment to operators of inter-casino linked gaming machines).

Comment (July): Theoretical hold percentage has been defined in this section. Recommend including this information in a document other than the MICS.

Response: The information may be duplicative but we believe it warrants inclusion as some states allow gaming operations to deduct participation fees in calculating the amount due to the state.

(A) For single pay table gaming machines with identical game programs, the theoretical hold percentage used for like gaming machines in the gaming machine analysis reports shall be the same theoretical hold percentage. When a range of theoretical hold percentages is provided by a manufacturer for a single pay table, the theoretical hold percentage used shall be consistent among the gaming machines.

Comment (July): First and second sentence are restatements of one standard. Recommend deleting the first sentence for clarity.

Response: Disagree. The range used should be consistent. It has nothing to do with management's decision as to the mix of machines are the floor/

Comment (July): What would cause this to happen?

Response: Probably a clerical error as there does not seem to be any logical reason to do so.

Comment (July): You are limiting operators' options as it is possible to have identical machines with different theoreticals.

Response: Disagree. If the machines have different theoreticals then they are not identical.

Comment (July): Add (denominations) or something similar to clarify.

Response: Disagree. Common denomination is only one characteristic of identical pay tables.

(B) The optimum hold percentage may be used for skill based game pay tables.

(v) The theoretical hold percentage used in the gaming machine analysis report shall represent theoretical performance of the pay table and shall exclude promotional payouts and bonus payouts not included in the pay table.

(vi) For other than server-supported games and server-based games, each change to a gaming machine's theoretical hold percentage, including adding and/or changing progressive percentage contributions, shall require the use of a new theoretical hold

percentage (see (i)(3)(i) and (i)(4)(i) of this section regarding a multi-game and/or multi-denominational gaming machine's theoretical hold percentage). When such changes are made, the gaming machine shall be treated as a new gaming machine in the gaming machine analysis reports with a new theoretical hold percentage (i.e., not commingling various hold percentages).

(A) For multi-game and/or multi-denomination gaming machines, a new gaming machine number is required when the entire library of pay tables within a machine is replaced with a new library of pay tables.

(B) A new gaming machine is not required when a new theoretical hold percentage is calculated as a result of a correction of an inaccurate par percentage.

(vii) For server-supported games, each change to a gaming machine's theoretical hold percentage, including adding and/or changing progressive percentage contributions, shall require the use of a new theoretical hold percentage. The gaming machine shall be treated as a new machine in the gaming machine analysis reports with a new theoretical hold percentage (i.e., not commingling various hold percentages) unless meter readings are taken to calculate a weighted average theoretical hold percentage for use in the gaming machine analysis report in a manner similar to (i)(4)(i) of this section.

Comment (July): What is the difference between (vi) and (vii)?

Response: One is other than server-supported (vi) and the other is server-supported (vii). The difference is the trailing phrase in (vii)-unless meter readings are taken to calculate a weighted average theoretical hold percentage for use in the gaming machine analysis report in a manner similar to (i) (4) (i) of this section (for server-supported, meter data must be collected each time a new game is downloaded.)

Comment (July): I understand that this is done for purposes of statistical analysis but what about the effect on revenue analysis? Is there a way (e.g. a report) to accomplish the same thing without actually changing the machine number? I will defer to someone else to address this at end of day. **Note:** No further comments/comments were received with regard to this issue.

(A) For multi-game and/or multi-denominational gaming machines, a new gaming machine number is not assigned when pay tables with metered activity remain stored on the gaming machine.

(B) A new gaming machine number is not required when a new theoretical hold percentage is calculated as a result of a correction of an inaccurate par percentage.

Comment (July): How is this standard different from the previous standards in this section (i) (3) (v)?

Response: This is new and relates to the correction of an error.

Comment (July): Is the annual adjustment included as a correction of an error?

Response: No.

(viii) Promotional payouts and/or bonus payouts, not reflected on the pay table and/or not included in the calculation of the theoretical hold percentage, shall not be included in gaming machine statistical win for statistical performance purposes in the gaming machine analysis reports. However, these payouts may be included in the gaming machine analysis report as a separate disclosure for the calculation of assessable gross revenues in accordance with 25 CFR §514.1.

(ix) The statistical reports shall be reviewed by both gaming machine department management and management employee's independent of the gaming machine department on at least a monthly basis.

(x) At a minimum, large (3% recommended) year-to-date variances between theoretical hold and actual hold, by gaming machine/player terminal and by

denomination (including the multi-denomination category), shall be investigated and resolved with the findings documented no later than 30 days after the generation of the gaming machine analysis report. Alternatively, life-to-date variances shall be examined when there is insufficient coin-in activity resulting in large year-to-date variances.

Comment (July): What is it not left to the TGRA to determine what constitutes a large variance?

Response: The previous Committee wanted to include some measure in the MICS.

Comment (July): Recommend 5% rather than 3%.

Response: Agree. Modified accordingly.

Comment (July): Recommend adding “or as otherwise determined by the gaming operation as approved by the TGRA.”

Response: Agree. Modified accordingly.

Comment (July): Variances can not always be resolved. Recommend deleting “and resolved.”

Response: Agree. Modified accordingly

Comment (July): Recommend substituting “insufficient play” for “insufficient coin-in activity”

Response: Agree. Modified accordingly

Proposed revision as a result of the July comments.

(x) At a minimum, large (5% or as otherwise determined by the gaming operation as approved by the Tribal gaming regulatory authority recommended) year-to-date variances between theoretical hold and actual hold, by gaming machine/player terminal and by denomination (including the multi-denomination category), shall be

investigated with the findings documented no later than 30 days after the generation of the gaming machine analysis report. Alternatively, life-to-date variances shall be examined when there is insufficient play resulting in large year-to-date variances.

Justification: Revision is intended to replace and expand on the controls currently at (h) (14) through (20) necessary to effectively track and evaluate statistical performance and to redefine the scope of the regulations.

~~(2) For multi game/multi denominational machines, an employee or department independent of the gaming machine department shall a record shall be:~~

~~(i) Weekly, record the total coin in meter;~~

~~(ii) Quarterly, record the coin in meters for each pay table contained in the machine; and~~

~~(iii) On an annual basis, adjust the theoretical hold percentage in the gaming machine statistical report to a weighted average based upon the ratio of coin in for each game pay table.~~

~~(3) For those gaming operations that are unable to perform the weighted average calculation as required by paragraph (h) (2) of this section, the following procedures shall apply:~~

~~(i) On at least an annual basis, calculate the actual hold percentage for each gaming machine;~~

~~(ii) On at least an annual basis, adjust the theoretical hold percentage in the gaming machine statistical report for each gaming machine to the previously calculated actual hold percentage; and~~

~~(iii) The adjusted theoretical hold percentage shall be within the spread between the minimum and maximum theoretical payback percentages.~~

~~(4) The adjusted theoretical hold percentage for multi-game/multi-denominational machines may be combined for machines with exactly the same game mix throughout the year.~~

~~(5) The theoretical hold percentages used in the gaming machine analysis reports should be within the performance standards set by the manufacturer.~~

~~(6) Records shall be maintained for each machine indicating the dates and type of changes made and the recalculation of theoretical hold as a result of the changes.~~

Justification: Revision is deleting the standards pertaining to multi-game/denom machines and replacing the rule with two separate sets of controls. The first set, which is located at (h)(3) are applicable to those terminals that cannot communicate the coin-in data to the computerized casino accounting system and the second set of standards is located at (h)(4), which is applicable to terminals that can interface the data.

~~(7) Records shall be maintained for each machine that indicate the date the machine was placed into service, the date the machine was removed from operation, the date the machine was placed back into operation, and any changes in machine numbers and designations.~~

Justification: Revision is deleting the standard and moving it to (h) (2) (i) to facilitate better structure.

~~(8) All of the gaming machines shall contain functioning meters that shall record coin-in or credit-in, or on-line gaming machine monitoring system that captures similar data.~~

Modified and moved the rule to...

~~(9) All gaming machines with bill acceptors shall contain functioning billing meters that record the dollar amounts or number of bills accepted by denomination.~~

~~(10) Gaming machine in-meter readings shall be recorded at least weekly (monthly for Tier A and Tier B gaming operations) immediately prior to or subsequent to a~~

~~gaming machine drop. On-line gaming machine monitoring systems can satisfy this requirement. However, the time between readings may extend beyond one week in order for a reading to coincide with the end of an accounting period only if such extension is for no longer than six (6) days.~~

~~(11) The employee who records the in-meter reading shall either be independent of the hard count team or shall be assigned on a rotating basis, unless the in-meter readings are randomly verified quarterly for all gaming machines and bill acceptors by a person other than the regular in-meter reader.~~

~~(12) Upon receipt of the meter reading summary, the accounting department shall review all meter readings for reasonableness using pre-established parameters.~~

~~(13) Prior to final preparation of statistical reports, meter readings that do not appear reasonable shall be reviewed with gaming machine department employees or other appropriate designees, and exceptions documented, so that meters can be repaired or clerical errors in the recording of meter readings can be corrected.~~

Justification: Revision is deleting the above standards, which are being incorporated into above (h) (6).

~~(14) A report shall be produced at least monthly showing month-to-date, year-to-date (previous twelve (12) months data preferred), and if practicable, life-to-date actual hold percentage computations for individual machines and a comparison to each machine's theoretical hold percentage previously discussed.~~

~~(15) Each change to a gaming machine's theoretical hold percentage, including progressive percentage contributions, shall result in that machine being treated as a new machine in the statistical reports (i.e., not commingling various hold~~

~~percentages), except for adjustments made in accordance with paragraph (h)(2) of this section.~~

~~(16) If promotional payouts or awards are included on the gaming machine statistical reports, it shall be in a manner that prevents distorting the actual hold percentages of the affected machines.~~

~~(17) The statistical reports shall be reviewed by both gaming machine department management and management employees independent of the gaming machine department on at least a monthly basis.~~

~~(18) For those machines that have experienced at least 100,000 wagering transactions, large variances (three percent (3%) recommended) between theoretical hold and actual hold shall be investigated and resolved by a department independent of the gaming machine department with the findings documented and provided to the Tribal gaming regulatory authority upon request in a timely manner.~~

~~(19) Maintenance of the on-line gaming machine monitoring system data files shall be performed by a department independent of the gaming machine department. Alternatively, maintenance may be performed by gaming machine supervisory employees if sufficient documentation is generated and it is randomly verified on a monthly basis by employees independent of the gaming machine department.~~

~~(20) Updates to the on-line gaming machine monitoring system to reflect additions, deletions, or movements of gaming machines shall be made at least weekly prior to in-meter readings and the weigh process.~~

Justification: Revision is deleting the standards, which are being replaced by above (h) (7).

(i) On-line accounting gaming machine metering systems.

Comment (July): Recommend adding statement to the effect that this standard is not intended to require a centralized accounting system.

Response: Agree. Modified accordingly.

Proposed revision as a result of July comment:

(i) On-line accounting gaming machine metering systems. This standard is not intended to require a centralized accounting system.

Comment (October): Recommend that the Committee settle upon a term for the “accounting system” and that term be used consistently throughout the document.

Response: Agree. After review of a variety terms used in different jurisdictions and much discussion, the Committee settled upon the term “computerized casino accounting system”, which has replaced “on-line accounting system”, “computerized accounting system”, “on-line accounting gaming machine metering system”, etc. where appropriate throughout the standards. Because of the numerous times the term is utilized, with the exception of the following, individual replacements have not been highlighted.

Proposed revision as a result of October comment:

(i) Computerized casino accounting systems. This standard is not intended to require a centralized accounting system.

(1) The computerized casino accounting system shall be connected, functioning and communicating with gaming machines and/or the server-based game server to obtain gaming machine/player terminal meter information as required by this section.

Comment (July): What about machines that are not on the floor?

Response: Add parenthetical (activated for play).

Proposed revision as a result of July comment:

(1) The computerized casino accounting system shall be connected, functioning and communicating with gaming machines (activated for play) and/or the server-based game server to obtain gaming machine/player terminal meter information as required by this section.

(2) At least monthly, the gaming operation shall prepare and maintain a list of gaming machines not permanently connected to the computerized casino accounting system and/or host validation system along with the reason the machine(s) is not connected.

Comment (July): What does not permanently connected mean?

Response: No connection to server, off-line.

Comment (July): Would it include machines that have been removed for repair or moved off the floor for some reason?

Response: Agree.

Comment (July): Do not think it means loss of communication as there is no period of time specified. Believe it means those that are not physically connected.

Response: Agree.

Comment (July): What is the point of the standard?

Response: Relates to those machines which are out for repair or otherwise disconnected from the system. The list is maintained in order to assist those investigating variances in hold percentages.

(2) At least monthly, the gaming operation shall prepare and maintain a list of gaming machines not available for patron play and not communicating with the computerized casino accounting system along with the reason (e.g. in storage, removed from the floor, awaiting repair, tournament play.)

(3) For a computerized casino accounting system that captures the specific values indicated on gaming machine or server-based game server meters, all required meters shall be captured, recorded and maintained by the computerized casino accounting system before and after any gaming machine or server-based game server maintenance that involves the clearing or resetting of the meters. For a server-supported game, before and after any software is added or removed from a gaming machine, if the meter information could be lost, all required meters for the gaming machine shall be captured, recorded and maintained by the computerized casino accounting system. For a server-based game, before and after any software is added or removed from the game server, if the meter information could be lost, all required meters for each player terminal shall be captured, recorded and maintained by the computerized casino accounting system. This meter information shall be used when reviewing gaming machine performance reports to ensure that the maintenance performed did not improperly affect the meter values recorded in the gaming machine performance reports.

Comment (July): Is the word “specific” necessary? If not, recommend deletion.

Response: Agree. Modified accordingly.

Proposed revision as a result of July comment.

(3) For a computerized casino accounting system that captures the values indicated on gaming machine or server-based game server meters:

(i) All required meters shall be captured, recorded and maintained by the computerized casino accounting system before and after any gaming machine or

server-based game server maintenance that involves the clearing or resetting of the meters is performed.

(ii) For a server-supported game, before and after any software is added or removed from a gaming machine, if the meter information could be lost, all required meters for the gaming machine shall be captured, recorded and maintained by the computerized casino accounting system.

(iii) For a server-based game, before and after any software is added or removed from the game server, if the meter information could be lost, all required meters for each player terminal shall be captured, recorded and maintained by the computerized casino accounting system.

(iv) This meter information shall be used when reviewing gaming machine performance reports to ensure that the maintenance performed did not improperly affect the meter values recorded in the gaming machine performance reports.

(4) At the time a drop box (coin or currency) is removed in conjunction with a gaming machine drop, the “Drop Meters” (coin drop, bill-in, ticket-in, and coupon promotion in) for each gaming machine dropped shall be captured, and meter amounts recorded and maintained.

Comment (July): Does this mean manual reading or on-line reading?

Comment (July): Recommend replacing “read” with “captured” where applicable throughout the document.

Response: Agree. Modified accordingly.

Proposed revision as a result of July comment.

(4) At the time a drop box (coin or currency) is removed in conjunction with a gaming machine drop, the “Drop Meters” (coin drop, bill-in, ticket-in, and coupon promotion in) for each gaming machine dropped shall be captured, and meter amounts recorded and maintained.

(5) At the end of the gaming operation’s specified 24-hour accounting period, the following meters, by gaming machine/player terminal, shall be captured, and meter amounts recorded and maintained;

(i) Attendant Paid Meters” (jackpots, accumulated credit payouts, external bonus payouts, and progressive payouts).

(ii) Physical coin-in meter.

(iii) Physical coin out meter.

(iv) “Electronic Promotion Meters” (negotiable in, negotiable out, non- negotiable in and non- negotiable out).

Comment (July): What are electronic promotion meters?

Response: Meters that are intended to capture the negotiable wagers that are wagered (as opposed to not wagered.)

Comment (July): Will all back of the house systems do this?

Response: I am not aware of any system that will not distinguish between promo wagers and actual wagers. Note: Committee member commented that Advantage and CDS systems do this. A Bally representative noted that if the system supports the playing of promotional credits it will also support the electronic promotion meters.

(v) “Machine Paid Meters” (external bonus payout and progressive payout).

(vi) “Wagering Account Transfer” (WAT) meters (out and in).

(vii) Electronic funds transfer in meter.

Comment (July): Are these EFTs from the bank or the cage?

Response: From the bank

Note: A Bulletin relevant to recommended controls for electronic funds transfers will soon be issued. Therefore, the proposed standards have been deleted.

(vii) Electronic funds transfer in meter.

(vii) Ticket out meter.

(viii) Coin drop meter.

(6) The following computerized casino accounting system gaming machine performance reports, as applicable to the gaming operation, shall be generated and maintained for each day for each gaming machine/player terminal:

(i) Meter attendant paid jackpots, accumulated credits, progressive payouts and external bonus payouts (in total) vs. actual attendant paid jackpots, accumulated credits, progressive payouts and external bonus payouts (in total).

(ii) Meter fills vs. actual fills.

(iii) Meter machine paid and attendant paid external bonus payouts vs. external bonusing system machine paid and attendant paid external bonus payouts.

(iv) Meter wagering account transfer (WAT) in vs. computerized casino accounting system wagering account transfer (WAT) in.

(v) Meter wagering account transfer (WAT) out vs. computerized casino accounting system wagering account transfer (WAT) out.

(vi) Meter electronic funds transfer (EFT) in vs. computerized casino accounting system electronic funds transfer (EFT) in.

Note: A Bulletin relevant to recommended controls for electronic funds transfers will soon be issued. Therefore, the proposed standards have been deleted.

(vi) Meter electronic funds transfer (EFT) in vs. computerized casino accounting system electronic funds transfer (EFT) in.

(vi) Meter negotiable electronic promotion in vs. computerized casino accounting system negotiable electronic promotion in.

(vii) Meter negotiable electronic promotion out vs. computerized casino accounting system negotiable electronic promotion out.

(viii) Meter non-negotiable electronic promotion in vs. computerized casino accounting system non-negotiable electronic promotion in.

(ix) Meter non-negotiable electronic promotion out vs. computerized casino accounting system non-negotiable electronic promotion out.

(x) Meter ticket-out vs. computerized casino accounting system ticket-out and payout receipt forms issued.

(xi) Meter coupon promotion out vs. computerized casino accounting system coupon promotion out forms issued.

(xii) For gaming machines dropped, meter drop vs. actual drop for each drop type (e.g., coin and bills).

(xiii) For gaming machines dropped, computerized casino accounting system wagering instruments accepted vs. wagering instruments counted in the count room (e.g., tickets and coupons).

(xiv) For gaming machines dropped, meter ticket-in vs. computerized casino accounting system ticket-in forms accepted.

(xv) For gaming machines dropped, meter coupon promotion in vs. computerized casino accounting system coupon promotion in forms accepted.

(7) Variances, by gaming machine/player terminal, noted in the reports required by (i) (6) of this section that are in excess of the following parameters shall be reviewed by the accounting department:

(i) For gaming machines dropped, variances in excess of one percent or \$100, whichever amount is greater, for each drop type (coin, bills, tickets and coupons).

(ii) For gaming machines dropped, variances in excess of one percent or \$100, whichever amount is greater, for the total of attendant payouts.

(iii) Any variance noted between meters and computerized casino accounting system for wagering account transfers (WAT) in and out, electronic funds transfer (EFT) in, cashable electronic promotion in and out, non-cashable electronic promotion in and out, external bonus payouts, tickets out and coupon promotion out.

Note: A Bulletin relevant to recommended controls for electronic funds transfers will soon be issued. Therefore, the proposed standards have been deleted.

(iii) Any variance noted between meters and computerized casino accounting system for wagering account transfers (WAT) in and out, ~~electronic funds transfer (EFT) in,~~ cashable electronic promotion in and out, non-cashable electronic promotion in and out, external bonus payouts, tickets out and coupon promotion out.

(8) The results of the variance investigation, including the date of and personnel involved in the investigations, shall be documented in the appropriate report and retained. The results shall also include any corrective action taken (e.g., meter replaced, interface component repaired, software debugged, etc.). The investigation shall be completed and the results documented within seven days of the day the variance was noted. Note: Material attendant payout variances noted in (j)(6)(i) of

this section may be due to an attendant paid progressive jackpot payout amount or wide-area progressive payout amount not being recorded on the gaming device attendant paid progressive payout meter. The attendant paid progressive payout meter may not have the capability to obtain the dollar amount of the progressive amount displayed on the progressive sign. If the variance is due to a progressive jackpot payout the investigation should include the review of the daily progressive payoff dollar amounts recorded to determine that the decrease is reasonably equivalent to the actual progressive jackpot payout dollar amount. For a wide-area progressive payout the investigation should include the review of the report of payouts from the operator of the wide-area progressive system.

Justification: Revision is establishing minimum standards for on-line metering systems specific to the timing of data collection and the information that must be collected from the type of game being conducted.

Comment (July): Frequently the variance reports are not received on a timely basis.

Response: That would appear to be an internal issue.

Comment (July): What is the significance of a “Note” within a regulation?

Response: We will need to find an alternative for “Note” as it does not communicate that it is informational and not part of the standard. Suggested term “Supplemental Information:”

Proposed revision as a result of July comment.

(8) The results of the variance investigation, including the date of and personnel involved in the investigations, shall be documented in the appropriate report and retained. The results shall also include any corrective action taken (e.g., meter replaced, interface component repaired, software debugged, etc.). The investigation shall be completed and the results documented within seven days of the day the

variance was noted. Supplemental Information: Material attendant payout variances noted in (j)(6)(i) of this section may be due to an attendant paid progressive jackpot payout amount or wide-area progressive payout amount not being recorded on the gaming device attendant paid progressive payout meter. The attendant paid progressive payout meter may not have the capability to obtain the dollar amount of the progressive amount displayed on the progressive sign. If the variance is due to a progressive jackpot payout the investigation should include the review of the daily progressive payoff dollar amounts recorded to determine that the decrease is reasonably equivalent to the actual progressive jackpot payout dollar amount. For a wide-area progressive payout the investigation should include the review of the report of payouts from the operator of the wide-area progressive system.

(k) (i) *Gaming machine hopper and/or bill acceptor content standards.* (1) When **gaming** machines **with hoppers and/or bill acceptors** are temporarily removed from the floor, gaming machine **coin and currency** drop and hopper contents shall be protected to preclude the misappropriation of stored funds.

(2) When **gaming** machines **with hoppers and/or bill acceptors** are permanently removed from the floor, the gaming machine coin and currency drop and hopper contents ~~shall be counted and recorded by at least two employees~~ **shall be removed from the gaming machine and properly stored in a secured area until counted and recorded by three employees (two employees for Tier A and B gaming operations) in the count room** with appropriate documentation produced and routed to the accounting department for proper recording and accounting for initial hopper loads.

(3) Permanent removal of a gaming machine from the floor shall require an adjustment to the general ledger to reduce the initial hopper load asset account by the dollar amount of the initial hopper load asset amount. Additionally, the dollar amount of the initial hopper load shall not be included in gross gaming revenue. The difference between the hopper contents and the initial hopper load dollar amount is an adjustment to gaming machine revenue, which should be included in assessable gross revenues in accordance with 25 CFR §514.1.

Justification: Revision is intended to modify and clarify the controls applicable to a hopper being removed from the gaming floor.

(l) ~~(e)~~ Gaming machine wagering account standards. Account access cards. For gaming machines that utilize account access cards to activate play of the machine, the following standards shall apply:

(1) Equipment.

(i) A central computer, with supporting hardware and software, to coordinate network activities, provide system interface, and store and manage a **wagering player/** account database **including the deposit, withdrawal and adjustment functions of the accounts;**

(ii) All communications between the gaming machines and/or player terminals and the wagering account database shall be encrypted for security reasons.

Comment (October): Appears that it would be more appropriate to include the encryption requirement in the Information Technology section (§542.16) than in this section.

Response: Agree. Will confirm that it is included in IT and delete from GM section.

Proposed revision as a result of October comment.

~~(ii) A network of contiguous player terminals with touch-screen or button-controlled video monitors connected to an electronic selection device and the central computer via a communications network;~~

~~(iii) One or more electronic selection s, utilizing random number generators, each of which selects any combination or combinations of numbers, colors, and/or symbols for a network of player terminals.~~

~~(2) Player terminals standards.~~

~~(i) The player terminals are connected to a game server;~~

~~(ii) The game server shall generate and transmit to the bank of player terminals a set of random numbers, colors, and/or symbols at regular intervals. The subsequent game results are determined at the player terminal and the resulting information is transmitted to the account server;~~

~~(iii) The game server shall be housed in a game server room or a secure locked cabinet.~~

~~(3) Customer account maintenance standards.~~

~~(i) A central computer acting as an account server shall provide customer account maintenance and the deposit/withdrawal function of those account balances;~~

~~(ii) Customers may access their accounts on the computer system by means of an account access card at the player terminal. Each player terminal may be equipped with a card reader and personal identification number (PIN) pad or touch screen array for this purpose;~~

~~(iii) All communications between the player terminal, or bank of player terminals, and the account server shall be encrypted for security reasons.~~

Justification: Revision is intended to more clearly define the section and the applicability of the standards. Furthermore, revision is proposed to delete certain standards that are deemed to be more of a technical specifications requirement than control.

(2) Wagering account transaction standards.

(i) In order to facilitate the reconciliation required by (l)(2)(ix) of this section, gaming machine wagering accounts shall be established at one designated area of accountability (e.g., main casino cage). Further, all subsequent deposits/withdrawals and account adjustments shall be transacted through the same designated area of accountability. Note: The above standard does not require all customer transactions to be performed at the designated area of accountability (e.g., deposit may be accepted at gaming machine booth and accountability is at the main cage).

(ii) For each wagering account established, an employee shall:

Comment (October): The use of the word “Note” makes it unclear whether what follows is part of the standard or simply an observation which does not require compliance.

Response: Agree. Standard will be revised to eliminate the use of the word “Note”.

Proposed revision as a result of October comment.

(2) Wagering account transaction standards.

(i) In order to facilitate the reconciliation required by (l) (2) (ix) of this section, gaming machine wagering accounts shall be established at one designated area of accountability (e.g., main casino cage). Further, all subsequent deposits/withdrawals and account adjustments shall be transacted through the same designated area of

accountability. The standard does not require all customer transactions to be performed at the designated area of accountability (e.g., deposit may be accepted at gaming machine booth and accountability is at the main cage).

(ii) For each wagering account established, an employee shall:

(A) Require the customer to personally appear at the gaming operation prior to the customer completing a wagering account transaction.

(B) Examine, in the customer's presence, the customer's valid identification credential.

(C) Record the following:

(I) The customer's name, current address and signature;

(II) Type of identification credential, credential number, expiration date of credential, and date credential was examined. A customer's driver's license is the preferred method for verifying the customer's identity. A passport, non-resident alien identification card, other government issued identification credential or another picture identification credential normally acceptable as a means of identification when cashing checks, may also be used;

Comment (October): Recommend including Tribal ID in the list of valid identification credentials.

Comment (October): Recommend adding "as approved by the Tribal gaming regulatory authority".

Comment (October): Recommend using list format rather than narrative format.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comments.

(II) Type of identification credential, credential number, expiration date of credential, and date credential was examined. A customer's driver's license is the preferred method for verifying the customer's identity. The following documents may also be used:

(A) Passport;

(B) Non-resident alien identification card;

(C) Tribal identification card as approved by the tribal gaming regulatory authority;

(D) Other government issued identification credential or

(E) Another picture identification credential normally acceptable as a means of identification when cashing checks.

(III) The dollar amount of the customer's initial deposit;

(IV) The customer's gaming machine wagering account number; and

(V) The date the customer's account is opened.

(iii) Procedures shall be established to provide a secure method for a customer to access a wagering account (e.g. Personal Identification Number (PIN), account access card/ player tracking card, etc.)

(iv) Prior to the customer making a cash withdrawal from a wagering account, the employee shall verify the identity of the customer and availability of funds through the computerized casino accounting system.

(v) A deposit/withdrawal, other than through actual gaming machine play, shall be evidenced by at least a two-part document, with one part remaining in the area of the employee handling the transaction and the other part given to the customer when a deposit or withdrawal is made. An adjustment to a customer's wagering

account shall also documented. The deposit/ withdrawal/ adjustment document shall contain the following information;

Comment (October): Recommend including provision for electronic (computerized) documentation in addition to paper.

Response: §542.13 (b) provides for the use of a computer application in lieu of a manual process. Therefore, additional provision would be redundant.

Comment (October): Disagree with NIGC interpretation of §542.13 (b). Believe it pertains to the use of an alternative computer application than the one stipulated. Much discussion ensued.

Response: Disagree with commenter's interpretation. Nonetheless will modify standard to incorporate provision for electronic (computerized) documentation.

Comment (October): Recommend requiring TGRA approval of application.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comments.

(v) A deposit/withdrawal, other than through actual gaming machine play, shall be evidenced by at least a two-part document, with one part remaining in the area of the employee handling the transaction and the other part given to the customer when a deposit or withdrawal is made. An adjustment to a customer's wagering account shall also documented. Alternatively, a computerized application approved by the Tribal gaming regulatory authority that satisfied these requirements is acceptable. The deposit/ withdrawal/ adjustment document shall contain the following information;

(A) Same document number on all copies;

(B) Customer's name, account number, and signature (adjustments do not require customer signature);

Comment (October): Why would an adjustment not require a customer's signature?

Response: An adjustment is made to correct a mistake made by an employee.

(C) Date of deposit/withdrawal or account adjustment;

(D) Dollar amount of deposit/withdrawal or account adjustment;

(E) Nature of deposit/withdrawal (e.g. cash, check, chips);

(F) Reason for adjustment to wagering account, if applicable; and

(G) Signature of employee handling the transaction.

(vi) Alternatively, if a kiosk is utilized to accept deposits subsequent to the creation of a wagering account, the kiosk reports shall facilitate the reconciliation required by (l)(2)(ix) of this section.

(vii) Adjustments to wagering accounts shall be made by personnel authorized by management.

Comment (October): How is authorization documented?

Response: Authorization could be documented in a policy, through the use of a matrix, etc.

(viii) A computerized casino accounting system wagering account detail report shall be created at least daily and upon demand, indicating for each customer's wagering account, the dollar amount of funds deposited and withdrawn, account adjustments made, the transfers to/from the gaming machines and net win/loss (i.e., transfers to gaming machines less transfers from gaming machines). This record shall be maintained and made available to the customer upon request.

Comment (October): Recommend striking "on demand".

Response: Agree. Modified accordingly.

Comment: (October): How long must the record of wagering account transactions be maintained? Recommend leaving decision to management subject to TGRA approval.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comments.

(viii) A computerized casino accounting system wagering account detail report shall be created at least daily and upon demand, indicating for each customer's wagering account, the dollar amount of funds deposited and withdrawn, account adjustments made, the transfers to/from the gaming machines and net win/loss (i.e., transfers to gaming machines less transfers from gaming machines). This record shall be maintained for the period of time established by management and approved by the Tribal gaming regulatory authority and made available to the customer upon request.

(ix) The total of all gaming machine wagering accounts shall be reconciled by employees of the designated area of accountability, as follows:

(A) For each shift, obtain a computerized casino accounting system wagering account detail (or summary) report; and

(B) Reconcile the ending and beginning balances (per the computerized casino accounting system) to the hard copy deposit/withdrawal documentation, account adjustment documentation, and the wagering account transfers (per the computerized casino accounting system).

(x) All gaming machine wagering account deposits/withdrawals, account adjustments, and wagering account transfers to/from gaming machines shall be summarized in total on an accountability form on at least a per shift basis.

(xi) Gaming machine department wagering account revenue shall be summarized and posted as a single line item on an accountability form on at least a daily basis.

(3) Smart cards (i.e., cards that possess the means to electronically store and retrieve data) that maintain the only source of account data are prohibited.

~~(4) Customer account generation standards.~~

~~(i) A computer file for each customer shall be prepared by a clerk, with no incompatible functions, prior to the customer being issued an account access card to be utilized for machine play. The customer may select his/her PIN to be used in conjunction with the account access card.~~

~~(ii) For each customer file, an employee shall: (Adopted May 11, 2006)~~

~~(A) Record the customer's name and current address;~~

~~(B) The date the account was opened; and~~

~~(C) At the time the initial deposit is made, account opened, or credit extended, the identity of the customer shall be verified by examination of a valid driver's license or other reliable identity credential.~~

~~(iii) The clerk shall sign on with a unique password to a terminal equipped with peripherals required to establish a customer account. Passwords are issued and can only be changed by information technology personnel at the discretion of the department director. (Revised May 11, 2006)~~

~~(iv) After entering a specified number of incorrect PIN entries at the cage or player terminal, the customer shall be directed to proceed to a clerk to obtain a new PIN. If a customer forgets, misplaces or requests a change to their PIN, the customer shall proceed to a clerk for assistance. (Revised May 11, 2006)~~

~~(5) Deposit of credits standards.~~

~~(i) The cashier shall sign on with a unique password to a cashier terminal equipped with peripherals required to complete the credit transactions. Passwords are issued and can only be changed by information technology personnel at the discretion of the department director.~~

~~(ii) The customer shall present cash, chips, coin or coupons along with their account access card to a cashier to deposit credits.~~

~~(iii) The cashier shall complete the transaction by utilizing a card scanner that the cashier shall slide the customer's account access card through.~~

~~(iv) The cashier shall accept the funds from the customer and enter the appropriate amount on the cashier terminal.~~

~~(v) A multi-part deposit slip shall be generated by the point of sale receipt printer. The cashier shall direct the customer to sign the deposit slip receipt. One copy of the deposit slip shall be given to the customer. The other copy of the deposit slip shall be secured in the cashier's cash drawer.~~

~~(vi) The cashier shall verify the customer's balance before completing the transaction. The cashier shall secure the funds in their cash drawer and return the account access card to the customer.~~

~~(vii) Alternatively, if a kiosk is utilized to accept a deposit of credits, the Tribal gaming regulatory authority, or the gaming operation as approved by the Tribal gaming regulatory authority, shall establish and the gaming operation shall comply with procedures that safeguard the integrity of the kiosk system.~~

~~(6) Prize standards.~~

~~(i) Winners at the gaming machines may receive cash, prizes redeemable for cash or merchandise.~~

~~(ii) If merchandise prizes are to be awarded, the specific type of prize or prizes that may be won shall be disclosed to the player before the game begins.~~

~~(iii) The redemption period of account access cards, as approved by the Tribal gaming regulatory authority, shall be conspicuously posted in the gaming operation.~~

~~(7) Credit withdrawal. The customer shall present their account access card to a cashier to withdraw their credits. The cashier shall perform the following:~~

~~(i) Scan the account access card;~~

~~(ii) Request the customer to enter their PIN, if the PIN was selected by the customer;~~

~~(iii) The cashier shall ascertain the amount the customer wishes to withdraw and enter the amount into the computer;~~

~~(iv) A multi-part withdrawal slip shall be generated by the point of sale receipt printer. The cashier shall direct the customer to sign the withdrawal slip;~~

~~(v) The cashier shall verify that the account access card and the customer match by:~~

~~(A) Comparing the customer to image on the computer screen;~~

~~(B) Comparing the customer to image on customer's picture ID; or~~

~~(C) Comparing the customer signature on the withdrawal slip to signature on the computer screen.~~

~~(vi) The cashier shall verify the customer's balance before completing the transaction. The cashier shall pay the customer the appropriate amount, issue the~~

~~customer the original withdrawal slip and return the account access card to the customer;~~

~~(vii) The copy of the withdrawal slip shall be placed in the cash drawer. All account transactions shall be accurately tracked by the account server computer system. The copy of the withdrawal slip shall be forwarded to the accounting department at the end of the gaming day; and~~

~~(viii) In the event the imaging function is temporarily disabled, customers shall be required to provide positive ID for cash withdrawal transactions at the cashier stations.~~

~~(p) Smart cards. All smart cards (i.e., cards that possess the means to electronically store and retrieve data) that maintain the only source of account data are prohibited.~~

Justification: Revision is intended to clarify and redefine the controls governing wagering account transactions and to delete the existing standards. In part, the revision is also intended to improve the organizational structure of the regulation. Although several of the standards being deleted are incorporated into the revision, others are deemed to be inadequate or overly intrusive and unwarranted.

(m) Gaming machine electronic funds transfers. (1) A transfer of funds from an external financial institution to a gaming machine shall be made through the use of a computerized casino accounting system, as approved by the Tribal gaming regulatory authority.

(2) Only one specific bank account shall be used to record all debit instrument electronic funds transfers into gaming machines. This account shall not used for any other types of transactions.

(3) Debit instrument transactions shall be executed in accordance with all applicable state and federal electronic funds transfer requirements or wagering account transfer requirements including receipting and fee disclosure requirements. Additionally, management shall establish a predetermined daily transfer limit, which shall not exceed \$1000, per debit instrument and shall be approved by the Tribal gaming regulatory authority. This predetermined amount shall be authorized by management, documented, and maintained.

Justification: Revision is intended to establish the controls relevant to electronic fund transfers.

Comment (October): Concern was expressed that the addition of this section could be interpreted as an endorsement on the part of NIGC of electronic funds transfers to gaming machines. This is a matter that should be left to tribal governments, gaming operations and the Tribal gaming regulatory authorities to decide.

Response Disagree. The proposed controls are not intended to encourage electronic fund transfers. Whether to allow such activity or not is an issue for management and the Tribal gaming regulatory authority to address. The intent of the proposed standards is to identify a set of minimum internal controls necessary to provide reasonable assurance that the transactions have been appropriately authorized and accurately recognized in the accounting records.

Comment (October): In comparison with other sub-sections within this section, this one has very few (3). Recommend adding additional standards.

Response: Disagree. The transfer itself is a simple transaction and no additional standards are required.

(1) A transfer of funds from an external financial institution to a gaming machine shall be made through the use of a computerized casino accounting system.

Comment (October): Recommend requiring TGRA authorization/approval for electronic funds transfers to gaming machines.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comment.

(1) If authorized by the Tribal gaming regulatory authority, transfers of funds from an external financial institution to a gaming machine shall be made through the use of a computerized casino accounting system.

(2) Only one specific bank account shall be used to record all debit instrument electronic funds transfers into gaming machines. This account shall not used for any other types of transactions.

(3) Debit instrument transactions shall be executed in accordance with all applicable state and federal electronic funds transfer requirements or wagering account transfer requirements including receipting and fee disclosure requirements. Additionally, management shall establish a predetermined daily transfer limit, which shall not exceed \$1000, per debit instrument and shall be approved by the Tribal gaming regulatory authority. This predetermined amount shall be authorized by management, documented, and maintained.

Comment (October): Recommend striking “state and federal”.

Response: Agree. Modified accordingly.

Comment (October): Recommend deleting balance of (m) (3)

Response: Agree. Modified accordingly.

Proposed revision as a result of October comments.

(3) Debit instrument transactions shall be executed in accordance with all applicable electronic funds transfer requirements or wagering account transfer requirements including receipting and fee disclosure requirements.

Note: (January): The National Indian Gaming Commission (NIGC) had suggested consideration of Minimum Internal Control Standards (MICS) for EFT transactions whereby funds are electronically transferred from external financial institution accounts directly to the credit meter of a gaming machine. Such technology currently exists.

The NIGC is aware that few, if any, tribes currently allow the use of EFT technology at their gaming facilities. Consequently, during discussions with the NIGC MICS Tribal Advisory Committee regarding the immediate need for such internal controls, it was suggested that recommended control guidelines be published in the form of a Bulletin rather than codified in 25 CFR (MICS).

At this time the NIGC is inclined to agree that a Bulletin would be sufficient to provide adequate control guidance to the few, if any, tribal jurisdictions allowing EFT transactions. While the NIGC retains the right to consider formalizing regulatory controls for such transactions should the practice become more prevalent in the future, in the interim the control guidelines contained in the Bulletin are highly recommended if a tribe is allowing the electronic transfer of funds to gaming machines. A draft Bulletin was provided to the Committee and is currently under review by NIGC staff. As a result, the proposed MICS relevant to EFT have been deleted.

Proposed revision resulting from January Note (above):

(m) Gaming machine electronic funds transfers.

~~**Comment** (October): Concern was expressed that the addition of this section could be interpreted as an endorsement on the part of NIGC of electronic funds transfers to gaming machines. This is a matter that should be left to tribal governments, gaming operations and the Tribal gaming regulatory authorities to decide.~~

~~**Response** Disagree. The proposed controls are not intended to encourage electronic fund transfers. Whether to allow such activity or not is an issue for management and the Tribal gaming regulatory authority to address. The intent of the proposed standards is to identify a set of minimum internal controls necessary to provide reasonable assurance that the transactions have been appropriately authorized and accurately recognized in the accounting records.~~

~~**Comment** (October): In comparison with other sub-sections within this section, this one has very few (3). Recommend adding additional standards.~~

~~**Response:** Disagree. The transfer itself is a simple transaction and no additional standards are required.~~

~~(1) A transfer of funds from an external financial institution to a gaming machine shall be made through the use of a computerized casino accounting system.~~

~~Comment (October): Recommend requiring TGRA authorization/approval for electronic funds transfers to gaming machines.~~

~~Response: Agree. Modified accordingly.~~

~~Proposed revision as a result of October comment.~~

~~(1) If authorized by the Tribal gaming regulatory authority, transfers of funds from an external financial institution to a gaming machine shall be made through the use of a computerized casino accounting system.~~

~~(2) Only one specific bank account shall be used to record all debit instrument electronic funds transfers into gaming machines. This account shall not used for any other types of transactions.~~

~~(3) Debit instrument transactions shall be executed in accordance with all applicable state and federal electronic funds transfer requirements or wagering account transfer requirements including receipting and fee disclosure requirements. Additionally, management shall establish a predetermined daily transfer limit, which shall not exceed \$1000, per debit instrument and shall be approved by the Tribal gaming regulatory authority. This predetermined amount shall be authorized by management, documented, and maintained.~~

~~Comment (October): Recommend striking “state and federal”.~~

~~Response: Agree. Modified accordingly.~~

~~Comment (October): Recommend deleting balance of (m) (3)~~

~~Response: Agree. Modified accordingly.~~

~~Proposed revision as a result of October comments.~~

(m) (j) ~~Player tracking system.~~ Computerized Player Tracking, Promotional Accounts, Promotion and External Bonusing Systems

Comment (October): What is external bonusing?

Response: External bonusing is off the glass, directly pertaining to a wagering transaction.

Comment (October): Recommend moving this sub-section to a separate section.

Response: Disagree. This sub-section relates only to gaming machines.

(1) The following standards shall apply for all **computerized** player tracking, **promotional accounts, promotion and external bonusing** systems ~~are~~ utilized, including those that communicate negotiable and non-negotiable credits to gaming machines:

~~(i) The player tracking system shall be secured so as to prevent unauthorized access (e.g., changing passwords at least quarterly and physical access to computer hardware, etc.).~~

(i) (ii) The addition/**deletion** of points to members' accounts other than through actual gaming machine play shall be sufficiently documented (including substantiation of reasons for increases) and shall be authorized by a department independent of the player tracking and gaming machines. Alternatively, addition/**deletion**, of points to members' accounts may be authorized by gaming machine supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the gaming machine department on a quarterly basis. **The standard does not apply to the deletion of points related to inactive or closed accounts through an automated process.**

Comment (October): To improve clarity, recommend replacing / (forward slash) between “addition” and “deletion” with the word “or”.

Response: Agree. Modified accordingly.

Comment (October): Recommend including specific reference to closure of inactive accounts.

Response: Agree. Modified accordingly.

Comment (October): Recommend allowing player tracking supervisory personnel in addition to gaming machine supervisory personnel to authorize additions and deletion to member’s accounts.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comments.

(i) (ii) The addition **or deletion, inclusive of account closure of inactive accounts,** of points to members' accounts other than through actual gaming machine play shall be sufficiently documented (including substantiation of reasons for increases) and shall be authorized by a department independent of the player tracking and gaming machines. Alternatively, addition **or deletion, inclusive of account closure of inactive accounts,** of points to members' accounts may be authorized by **player tracking or** gaming machine supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the gaming machine department on **at least** a quarterly basis. **The standard does not apply to the deletion of points related to inactive or closed accounts through an automated process.**

Note (subsequent to October meeting): Upon review it was determined that the use of the word “account” appears redundant. The standard has been modified subject to Committee concurrence.

Proposed revision as a result of subsequent review:

(i) ~~(ii)~~ The addition or deletion, inclusive of closure of inactive accounts, of points to members' accounts other than through actual gaming machine play shall be sufficiently documented (including substantiation of reasons for increases) and shall be authorized by a department independent of the player tracking and gaming machines. Alternatively, addition or deletion, inclusive of closure of inactive accounts, of points to members' accounts may be authorized by player tracking or gaming machine supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the gaming machine department on at least a quarterly basis. The standard does not apply to the deletion of points related to inactive or closed accounts through an automated process.

Comment (October): Is the above section addressing the addition or deletion of points at the computer (management terminal)?

Response: Yes.

(ii) The issuance of wagering credits shall be sufficiently documented, and authorized by management personnel independent of the gaming machine department. Alternatively, gaming machine supervisory personnel may authorize the issuance of the wagering credits if sufficient documentation is generated and personnel independent of the gaming machine department on at least a quarterly basis randomly verify the issuance. The player tracking system shall create and maintain documentation indicating the wagering credits issued.

Comment (October): Recommend including “subject to TGRA approval”.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comment.

(ii) Subject to Tribal gaming regulatory authority approval, the issuance of wagering credits shall be sufficiently documented, and authorized by management personnel independent of the gaming machine department. Alternatively, gaming machine supervisory personnel may authorize the issuance of the wagering credits if sufficient documentation is generated and personnel independent of the gaming machine department on at least a quarterly basis randomly verify the issuance. The player tracking system shall create and maintain documentation indicating the wagering credits issued.

Comment (October): This does not supersede the TGRA's right to not approved the issuance of wagering credits i.e. TGRA can choose not to approve.

Response: Agree.

~~(iii) Booth employees who redeem points for members shall be allowed to receive lost players club cards, provided that they are immediately deposited into a secured container for retrieval by independent personnel.~~ Employees who redeem points for customers shall be precluded from access to inactive or closed accounts without supervisory personnel authorization. Documentation of such access and approval shall be created and maintained.

Comment (October): Could a supervisor authorize him/herself to do so?

Response: No. In order to do so, a supervisor would need authorization from a higher level supervisor.

(iv) Customer identification shall be required when redeeming points without a player tracking card.

Comment (October): This should be a policy decision left to the Tribal gaming regulatory authority.

Response: Disagree. Nevertheless, the Tribal gaming regulatory authority can make the Tribal internal control standards more stringent than the MICS, should they so desire.

Comment (October): Recommend not requiring identification if individual is a known customer.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comment.

(iv) Customer identification shall be required when redeeming points without a player tracking card, unless otherwise known to the redeemer.

(v) ~~(iv)~~ Changes to the player tracking system parameters, such as point structures and employee access, shall be performed by supervisory employees independent of the gaming machine department. Alternatively, changes to player tracking system parameters may be performed by gaming machine supervisory employees if sufficient documentation is generated and it is randomly verified by supervisory employees independent of the gaming machine department on a monthly basis.

Comment (October): Recommend requiring random verification on a quarterly rather than monthly basis.

Response: Agree. Modified accordingly.

(v) ~~(iv)~~ Changes to the player tracking system parameters, such as point structures and employee access, shall be performed by supervisory employees independent of the gaming machine department. Alternatively, changes to player tracking system parameters may be performed by gaming machine supervisory employees if sufficient documentation is generated and it is randomly verified by supervisory employees independent of the gaming machine department on **at least** a **quarterly** basis.

(vi) Changes to the promotional accounts, promotion and external bonusing system, parameters, such as the awarding of bonuses, the issuance of cashable credits, non-cashable credits, wagering instruments and employee access, shall be performed by supervisory personnel independent of the gaming machine department. Alternatively, changes to promotional accounts, promotion and external bonusing system parameters may be performed by gaming machine supervisory personnel if sufficient documentation is generated and the propriety of the changes are randomly verified by personnel independent of the gaming machine department on a quarterly basis.

Comment (October): Recommend notification of the TGRA and approval of changes.

Response: Agree. Modified accordingly.

Comment (October): Recommend prior notification and approval of the Tribal gaming regulatory authority.

Response: Agree. Modified accordingly.

Comment (October): Recommend adding “parameters” following “promotional accounts”, deleting “parameters” following “external bonusing systems”.

Response: Agree. Modified accordingly.

Comment (October): Recommend that changes can be performed by player tracking as well as gaming machine supervisory personnel.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comments.

(vi) Subject to prior notification and approval of the Tribal gaming regulatory authority, changes to the promotional accounts parameters, promotion and external

bonusing systems, such as the awarding of bonuses, the issuance of cashable credits, non-cashable credits, wagering instruments and employee access, shall be performed by supervisory personnel independent of the gaming machine department. Alternatively, changes to promotional accounts parameters, promotion and external bonusing systems may be performed by gaming machine or player tracking supervisory personnel if sufficient documentation is generated and the propriety of the changes are randomly verified by personnel independent of the gaming machine department on at least a quarterly basis.

(vii) ~~(v)~~ All other changes to the player tracking, promotional accounts, promotion and external bonusing systems shall be appropriately documented.

Comment (October): Recommend adding “parameters” following “promotional accounts”

Comment (October): What does appropriately mean? Since it is a subjective determination, it does not add anything to the standard and therefore recommend deletion.

Response: Agree. Modified accordingly

Proposed revision as a result of October comments.

(vii) ~~(v)~~ All other changes to the player tracking, promotional accounts parameters, promotion and external bonusing systems shall be ~~appropriately~~ documented.

(2) Rules and policies for player tracking accounts including the awarding, redeeming and expiration of points shall be prominently displayed or available for customer review at the licensed location.

Comment (October): Recommend requiring Tribal gaming regulatory approval for rules and policies for player tracking accounts.

Response: Agree. Modified accordingly

Proposed revision as a result of October comment.

(2) Rules and policies, as approved by the Tribal gaming regulatory authority, for player tracking accounts including the awarding, redeeming and expiration of points shall be prominently displayed or available for customer review at the licensed location.

Justification: Revision is intended to expand the scope of the section to include promotional accounts and promotional and external bonusing systems. Standard pertaining to passwords is proposed to be deleted since it is addressed in the IT section. Standard pertaining to access of lost player club cards is proposed to be deleted and replaced by a control that restricts the functions that an employee may perform that has the ability to redeem points.

(n) Contests/Tournaments

Comment (October): The NIGC does not have the authority to regulate the conduct of promotional activity, which is a function of the Tribal gaming regulatory authority and not the NIGC.

Response: Disagree.

Comment (October): The accounting treatment related to contests/tournaments/promotions in this section should be moved to the accounting section with cross-references to other applicable federal law (Internal Revenue Code) for the payment of prizes. We also recommend changing the heading to “Accounting: Contests/Tournaments/Promotions”.

Response: Disagree. This sub-section does not contain include accounting treatment.

Comment (October): Please identify the risk that is being mitigated by this proposed standard.

Response: This sub-section establishes controls relevant to contests and tournaments involving the gaming machine department.

Comment: Please identify the role of the TGRA throughout this subsection. Recommend that the following language be incorporated throughout this section: “The TGRA shall establish rules and regulations, or the gaming operations subject to the TGRA, governing promotions.”

Response: Disagree.

Proposed revision as a result of October comments.

(1) All contest/tournament entry fees and prize payouts shall be summarized on a cash accountability document on a daily basis.

(2) When, in accordance with the rules of the contest/tournament as established by the gaming operation, identification of the entrant is required for making the subsequent payout of \$600 or more, the entry fee(s) shall be recorded on a document which contains:

Comment (October): Recommend requiring Tribal gaming regulatory authority approval of rules.

Response: Agree. Modified accordingly

Comment (October): Recommend replacing “the entrants” with “all entrants”.

Response: Agree. Modified accordingly

Comment (October): Recommend replacing dollar value with “subject to IRS reporting thresholds.

Response: Agree. Modified accordingly

Proposed revision as a result of October comments.

(2) When, in accordance with the rules of the contest/tournament as established by the gaming operation and subject to Tribal gaming regulatory authority approval, identification of all entrants is required for making a subsequent payout subject to IRS reporting thresholds, the entry fee(s) shall be recorded on a document which contains:

(i) Customer’s name;

(ii) Date of entry;

(iii) Dollar amount of entry fee (both alpha and numeric, or unalterable numeric);

(iv) Signature of individual completing transaction attesting to the receipt the entry fee with the customer; and

Comment (October): Recommend adding that an electronic signature is acceptable.

Response: Agree. Modified accordingly

Comment (October): Recommend deleting “the” preceding entry and “with the customer”.

Response: Agree. Modified accordingly

Comment (October): Recommend make “fee” plural.

Response: Agree. Modified accordingly

Proposed revision as a result of October comments.

(iv) Signature (electronic signature acceptable of individual completing transaction attesting to the receipt of entry fee (s) and

(v) Name of contest/tournament.

(3) When contest/tournament payouts of \$600 or more are transacted, the transactions shall be recorded on a document which contains:

Comment (October): Recommend replacing “of \$600 or more” with “subject to IRS reporting thresholds”

Response: Agree. Modified accordingly

Proposed revision as a result of October comments.

(3) When contest/tournament payouts subject to IRS reporting thresholds are transacted, the transactions shall be recorded on a document which contains:

(i) Customer’s name;

(ii) Date of payout;

(iii) Dollar amount of entry payout (both alpha and numeric, or unalterable numeric) and/or nature and dollar value of any noncash payout;

(iv) Signature of individual completing transaction attesting to the disbursement of the payout with the customer; and

Comment (October): Recommend adding that an electronic signature is acceptable.

Response: Agree. Modified accordingly

Comment (October): Recommend deleting “with the customer”.

Response: Agree. Modified accordingly

(iv) Signature (electronic signature acceptable) of individual completing transaction attesting to the disbursement of the payout; and

(v) Name of contest/tournament.

Comment (October): Do these standards apply only to contest involving gaming machines?

Response: Yes.

(5) (4) The contest/tournament entry fees and payouts shall be summarized and posted to the accounting records on at least a monthly basis.

(6) (5) Current contest/tournament rules shall be included on all entry forms/brochures and prominently displayed or available for customer review at the gaming operation. The rules must include at a minimum:

Comment (October): Recommend requiring Tribal gaming regulatory authority approval of the rules for contests and tournaments.

Response: Agree. Modified accordingly.

Comment (October): Recommend replacing “ / “ (forward slash) with the word “or”.

Response: Agree. Modified accordingly.

Comment (October): It is not practical to require inclusion of this information on the entry forms because of space limitations, difficulty predicting number of forms needed and because it would prevent gaming facilities from using a standard entry form for all contests and tournaments.

Comment (October): What about completion of on-line entry forms?

Response: Agree, Recommend that rules can either be included on entry forms or brochures or (not and) prominently displayed and available for review. Modified accordingly.

Comment (October): How can management determine if someone is a customer or not? Recommend deleting the word “customer” before review and adding the words “upon request”.

Response: Agree. Modified accordingly.

Comment (October): Recommend replacing the word “operation” with the word “facility”, which is more commonly used.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comments.

(6) (5) Current contest/tournament rules, as approved by the Tribal gaming regulatory authority, shall be included on all entry forms or brochures or prominently displayed and available for review at the gaming facility upon request.

The rules must include at a minimum:

(i) All conditions customers must meet to qualify for entry into, and advancement through, the contest/tournament;

(ii) Specific information pertaining to any single contest/tournament, inclusive of the following:

(iii) The distribution of funds based on specific outcomes.

Comment (October): Recommend that the types and amounts of prizes be identified rather than the dollar amount of money made available to winners.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comment.

(ii) Specific information pertaining to any single contest/tournament, inclusive of the contest or tournament prize schedule.

(iii) The distribution of funds based on specific outcomes.

(6) Results of current contests/tournaments shall be recorded and available for participants to review, including the name of the event, date(s) of event, total number of entries, dollar amount of entry fees, total prize pool, and the dollar amount paid for each winning category. The gaming operation shall establish a reasonable retention period to maintain the information, which shall be subject to Tribal gaming regulatory authority concurrence.

Comment (October): Recommend requiring Tribal gaming regulatory authority approval of contests and tournaments.

Response: Agree. Modified accordingly.

Comment (October): How can management determine if a particular individual was a participant? Recommend that rule apply only to those contests and tournaments for which the payout is subject to IRS reporting threshold requirements.

Response: Agree. Modified accordingly.

Comment (October): Does this mean that someone would need to count all of the entries?

Response: Yes.

Proposed revision as a result of October comments.

(6) Results of current contests/tournaments, approved by the Tribal gaming regulatory authority, shall be recorded and available for participants, if the payout

was subject to IRS reporting threshold, review, including the name of the event, date(s) of event, total number of entries, dollar amount of entry fees, total prize pool, and the dollar amount paid for each winning category. The gaming operation shall establish a reasonable retention period to maintain the information, which shall be subject to Tribal gaming regulatory authority concurrence.

Note: Based on subsequent review, the standard was reworded to improve grammar and readability, subject to Committee concurrence.

Proposed revision as a result of subsequent review.

(6) Results of current contests and tournaments, approved by the Tribal gaming regulatory authority, for which the payout was subject to IRS reporting thresholds, shall be recorded and available for participants' review including:

- (a) name of the event;
- (b) date(s) of the event;
- (c) total number of entries;
- (d) dollar amount of entry fees;
- (e) total prize pool and
- (f) the dollar amount paid for each winning category.

The gaming operation shall establish a reasonable period, subject to Tribal gaming regulatory authority approval, to retain the information.

Justification: Revision is establishing controls relevant to contest and tournaments involving the gaming machine department.

(o) ~~(4)~~ In-house progressive gaming machine standards. (1) A meter that shows the amount of the progressive jackpot shall be conspicuously displayed at or near the machines to which the jackpot applies.

Comment (October): Recommend inserting the word “display” before meter.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comment.

(1) A meter that shows the amount of the progressive jackpot shall be conspicuously displayed at or near the machines to which the jackpot applies.

(2) At least once each day, each gaming operation shall record the amount shown on each progressive jackpot meter at the gaming operation, except for those jackpots that can be paid directly from the machine's hopper.

Comment: Much discussion of the above standard took place regarding the meaning of the standard and the best way to word it so the meaning was clear. The final wording is reflected below.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comment.

(2) At least once each day, each gaming operation shall record the amount shown on each progressive jackpot meter at the gaming operation, except for those less than \$1,200.

(3) Explanations for meter reading decreases shall be maintained with the progressive meter reading sheets, and where the payment of a jackpot is the explanation for a decrease, the gaming operation shall record the jackpot payout number on the sheet or have the number reasonably available; and

Comment (October): Recommend inserting the word “display” before meter.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comment.

(3) Explanations for meter reading decreases shall be maintained with the progressive display meter reading sheets, and where the payment of a jackpot is the explanation for a

decrease, the gaming operation shall record the jackpot payout number on the sheet or have the number reasonably available; and

(4) Each gaming operation shall record the base amount of each progressive jackpot the gaming operation offers.

(5) **If applicable**, the Tribal gaming regulatory authority shall approve procedures specific to the transfer of progressive amounts in excess of the base amount to other gaming machines. Such procedures may also include other methods of distribution that accrue to the benefit of the gaming public via an award or prize.

Comment (October): Recommend deleting “if applicable”.

Response: Agree. Modified accordingly.

Comment (October): Recommend replacing “Such procedures may also include” with “and any”.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comments.

(5) The Tribal gaming regulatory authority shall approve procedures specific to the transfer of progressive amounts in excess of the base amount to other gaming machines and any other methods of distribution that accrue to the benefit of the gaming public via an award or prize.

Justification: Revision is intended to facilitate renumbering and to clarify the relevancy of the control specific to transfer of a progressive meter.

(p) ~~(4)~~ *Wide area progressive gaming machine standards.* (1) A meter that shows the amount of the progressive jackpot shall be conspicuously displayed at or near the machines to which the jackpot applies.

Comment (October): Recommend inserting the word “display” before meter.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comment.

(1) A display meter that shows the amount of the progressive jackpot shall be conspicuously displayed at or near the machines to which the jackpot applies.

~~(2) As applicable to participating gaming operations, the wide area progressive gaming machine system shall be adequately restricted to prevent unauthorized access (e.g., changing passwords at least quarterly, restrict access to EPROMs or other equivalent game software media, and restrict physical access to computer hardware, etc.).~~

~~(3) The Tribal gaming regulatory authority shall approve procedures for the wide area progressive system that:~~

~~(i) Reconcile meters and jackpot payouts;~~

~~(ii) Collect/drop gaming machine funds;~~

~~(iii) Verify jackpot, payment, and billing to gaming operations on pro-rata basis;~~

~~(iv) System maintenance;~~

~~(v) System accuracy; and~~

~~(vi) System security.~~

(2) The gaming operation shall reconcile the vendor billing statements on a least a monthly basis and appropriately recognize its pro-rata share of wide-area progressive jackpots. Wide-area progressive jackpot payouts represent an adjustment to assessable gross revenues of the gaming operation's pro-rata share in accordance with 25 CFR §514.1. Administrative fees and other commissions paid to

the vendor for the operation of the wide-area progressive are not allowable deductions from assessable gross revenues.

Comment (October): Recommend inserting the word “may” before “represent” “allowable” before “adjustment” and “in the amount” before “of the gaming operation’s”.

Response: Agree. Modified accordingly.

Proposed revision as a result of October comment.

(2) The gaming operation shall reconcile the vendor billing statements on at least a monthly basis and appropriately recognize its pro-rata share of wide-area progressive jackpots. Wide-area progressive jackpot payouts may represent an allowable adjustment to assessable gross revenues in the amount of the gaming operation’s pro-rata share in accordance with 25 CFR §514.1. Administrative fees and other commissions paid to the vendor for the operation of the wide-area progressive are not allowable deductions from assessable gross revenues.

~~(4) Reports, where applicable, adequately documenting the procedures required in paragraph (l)(3) of this section shall be generated and retained. (Revised May 4, 2005)~~

Justification: Revision is intended to delete standards more appropriate for the IT section and other requirement considered to be of a technical specifications nature. Standard is proposed to be added requiring that the vendor billing statements be reconciled on at least a monthly basis.

542.13 (q) Accounting/auditing standards has been moved to proposed Revenue Audit 542.50.

~~(q) (m) Accounting/auditing standards (1) Gaming machine accounting/auditing procedures shall be performed by employees who are independent of the transactions being reviewed.~~

~~(2) For on-line gaming machine monitoring systems, procedures shall be performed at least monthly to verify that the system is transmitting and receiving data from the gaming machines properly and to verify the continuing accuracy of the coin-in meter readings as recorded in the gaming machine statistical report.~~

(2) For computerized player tracking systems, an accounting/audit employee shall perform the following procedures at least one day per quarter:

(i) Review all point addition/deletion authorization documentation, other than for point additions/deletions made through an automated process, for propriety.

(ii) Review exception reports including transfers between accounts.

(iii) Review documentation related to access to inactive and closed accounts.

(3) At least annually, all computerized player tracking, promotional accounts, promotion and external bonusing gaming machine systems (in-house developed and purchased systems) shall be reviewed by personnel independent of the individuals that set up or make changes to the system parameters. The review is performed to determine that the configuration parameters are accurate and have not been altered without appropriate management authorization (e.g., player tracking system – verify the accuracy of the awarding of points based on the dollar amount wagered). The system should also be tested, if possible, to further verify the accuracy of the configuration parameters (e.g., wagering at a gaming machine to verify the accuracy of the amount of points/credits awarded). Documentation of the test results shall be created and maintained.

(3) At least annually, all computerized player tracking, promotional accounts, promotion and external bonusing gaming machine systems (in-house developed and

~~purchased systems) shall be reviewed by personnel independent of the individuals that set up or make changes to the system parameters. The review is performed to determine that the configuration parameters are accurate and have not been altered without appropriate management authorization (e.g., player tracking system – verify the accuracy of the awarding of points based on the dollar amount wagered). The system should also be tested, if possible, to further verify the accuracy of the configuration parameters (e.g., wagering at a gaming machine to verify the accuracy of the amount of points/credits awarded). Documentation of the test results shall be created and maintained.~~

~~(4) (3) For weigh scale and currency interface systems, for at least one drop period per month accounting/auditing employees shall compare the totals on the weigh scale report/currency counter report make such comparisons as necessary to the system generated count as recorded in the gaming machine statistical report. Discrepancies shall be resolved prior to generation/distribution of gaming machine reports.~~

~~(i) For gaming operations that do not have a weigh scale or currency counter interface system, the gaming operation will develop procedures as determined by the Tribal gaming regulatory authority for the reconciliation of meter to drop and the count reflected in the drop report. Variance amounts as established by policy shall be investigated and documented.~~

~~(4) For each drop period, accounting/auditing personnel shall compare the coin-to-drop meter reading to the actual drop amount. Discrepancies should be resolved~~

~~prior to generation/distribution of on-line gaming machine monitoring system statistical reports.~~

~~(5) Follow-up shall be performed for any one machine having an unresolved variance between actual coin drop and coin-to-drop meter reading in excess of three percent (3%) and over \$25.00. The follow-up performed and results of the investigation shall be documented, maintained for inspection, and provided to the Tribal gaming regulatory authority upon request.~~

~~(6) For each drop period, accounting/auditing employees shall compare the bill in meter reading to the total bill acceptor drop amount for the period. Discrepancies shall be resolved before the generation/distribution of gaming machine statistical reports. (Revised May 4, 2005)~~

~~(7) Follow-up shall be performed for any one machine having an unresolved variance between actual currency drop and bill in meter reading in excess of an amount that is both more than \$25 and at least three percent (3%) of the actual currency drop. The follow-up performed and results of the investigation shall be documented, maintained for inspection, and provided to the Tribal gaming regulatory authority upon request. (Revised May 4, 2005)~~

~~(9) (5) Accounting/auditing employees shall review exception reports for all computerized gaming machine systems, inclusive of server-based games and server-supported games, on a daily basis for propriety of transactions and unusual occurrences. Alternatively, employees not authorized to add, delete or change game programs may perform the review.~~

~~(6) (2) For other than server-based games, For on-line gaming machine monitoring systems, procedures shall be performed on a random sampling basis (at least 3% of the gaming machines at each facility, if applicable.) at least monthly to verify that the gaming machines are accurately reporting data to the computerized casino accounting system and to verify the continuing accuracy of the coin-in meter readings as recorded in the final gaming machine statistical report.~~

~~(7) For server-based games, procedures shall be performed on a random sampling basis (one player terminal) at least monthly to verify that the gaming machines are accurately reporting data to the computerized casino accounting system and to verify the continuing accuracy of the coin-in meter readings as recorded in the final gaming machine statistical report.~~

~~(8) At least annually, accounting/auditing personnel shall randomly verify that EPROM or other equivalent game software media changes are properly reflected in the gaming machine analysis reports or equivalent.~~

~~(9) For at least one day each month, accounting/audit personnel shall reconcile the dollar amount of preprinted active tickets that are created and issued to an accountability area (e.g., cashier, players club, change booth) for subsequent sale to customers to the amount reflected in the accountability documents. The reconciliation includes using documents and the computerized casino accounting system reports supporting all additions and reductions of active cash-out tickets.~~

~~(10) For at least one day each month, accounting/audit personnel shall reconcile the dollar amount of wagering account transactions (i.e., deposits, withdrawals, and account adjustments) to the amounts reflected in the appropriate accountability~~

documents. The reconciliation includes using documents and computerized casino accounting system reports supporting all additions and reductions of funds held for wagering accounts in the appropriate accountability area.

(11) The following procedures shall be performed by accounting personnel for each day:

(i) Review the following gaming machine payout (includes promotional payouts) and fill forms for proper completion:

(A) All computer payout and fill forms prepared as a result of a computer system override.

(B) All manual payout and fill forms.

(C) A sample of computer payout and fill forms.

(D) All voided sequentially numbered payout forms.

(ii) For a manual payout process, reconcile the gaming machine payout and fill forms as follows:

(A) Foot (add up) the payout and fill forms and trace to the total payout and fill amounts recorded on the cage accountability documents.

(B) If the reconciliation results in a variance, an investigation shall be performed to determine whether all forms are accounted for with the investigation being documented.

(C) Verify that the correct total payout and fill amounts are recorded in the accounting records.

(iii) For one cashier, foot (add up) the cash-out tickets redeemed and trace the totals to the corresponding amount recorded in the computerized casino accounting

system and to the amount recorded in the applicable cashier's accountability documents.

(iv) Reconcile all parts of the form used for increases/decreases to bank accountability inventory (includes gaming machine booths, change banks, and any other gaming machine accountability areas), investigate any variances noted, and document the results of such investigations.

(v) The following procedures are performed using the count document completed by the count team members:

(A) Reconcile the dollar amount of coin/currency drop proceeds on the count sheet to the dollar amount recorded in the appropriate cage/ vault accountability document. Additionally, transfer forms documenting transfers in/out of the hard and currency acceptor count rooms during the count, if applicable, shall be considered in the reconciliation. Investigate and document any variance noted.

(B) Verify that the correct totals of coin/currency drop proceeds on the count sheet are recorded in the accounting records.

(C) Examine for propriety of signatures.

(vi) Ensure all single-use gaming machine promotional coupons redeemed at booths, cages, etc. (i.e., coupons that cannot be accepted by a gaming machine for wagering purposes) are properly canceled by gaming machine/ cage personnel to prevent improper recirculation.

(vii) Compare the dollar amount of issued, voided, and redeemed cash-out tickets to the unpaid and expired cash-out tickets dollar amount using the reports generated by the computerized casino accounting system for reasonableness, as defined by the

Tribal gaming regulatory authority. Investigate and document any variance noted.

Examine paid expired cash-out tickets for proper authorization and documentation pursuant to 542.13 (f)(5) and (f)(6).

(viii) Reconcile the dollar amount of wagering account deposit, withdrawal and account adjustment forms to the dollar amount recorded on the accountability form and computerized casino accounting system reports.

(ix) Verify that the correct amount of gaming machine revenue resulting from wagering account and/or electronic funds transfers and cash-out ticket activity has been recorded in the accounting records. Reconcile the dollar amount of the wagering account revenue (net win/loss) to the dollar amount recorded on the accountability form and computerized casino accounting system reports.

(x) Reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document.

(xi) When payment is made to the winners of a contest/tournament, reconcile the contest/tournament entry fees collected to the actual contest/tournament payouts made. This reconciliation is to determine whether based on the entry fees collected, the payouts made and the amounts withheld by the gaming establishment, if applicable, were distributed in accordance with the contest/tournament rules.

(12) At least monthly, accounting/audit personnel shall perform the following:

(i) Foot (add up), for at least one day, the computer payout and fill forms and compare the total to the amount recorded in the computer system payout and fill reports.

(ii) Reconcile gross revenue from the monthly gaming machine summary report to the general ledger. Any variances between the gross revenue recorded in the monthly gaming machine summary report and the general ledger should be identified by documenting the reason for the variance. This reconciliation is documented and maintained.

(13) At least once a quarter, for each patron kiosk and jackpot kiosk, accounting/audit personnel shall foot (add up) the cash-out tickets redeemed for a week (or one drop period if dropped more frequently) and trace the totals to the totals recorded in the computerized casino accounting system and the related accountability document. This procedure may be performed for different kiosks throughout the quarter as long as each kiosk is examined once a quarter. The audit and the results of investigations into all variances shall be documented by kiosk. This procedure may be performed by non accounting personnel as long as the individual did not perform the reconciliation required by 542.13 (g)(5)(v).

(14) At least monthly, accounting/audit personnel shall review all contests, tournaments, promotional payouts, drawings, and giveaway programs to determine proper accounting treatment and proper gaming machine gross revenue win/loss computation.

(15) For each day, accounting/audit personnel shall compare the total dollar amount of WAT In (transfers from wagering account to gaming machines), total dollar amount of WAT Out (transfers to the wagering account from the gaming machine) and total dollar amount of WAT net win/loss (wagering account transfers to gaming machines less wagering account transfers from the gaming machines) indicated on

~~the server-based games revenue report to the total dollar amount of WAT In, total dollar amount of WAT Out and total dollar amount of WAT net win/loss on the computerized casino accounting system wagering account detail report.~~

~~(16) For each day, accounting/audit personnel shall compare the WAT net win/loss (wagering account transfers to gaming machines less wagering account transfers from the gaming machines) amount indicated on the computerized casino accounting system wagering account detail report to the total dollar amount of WAT net win/loss indicated in the cage accountability.~~

~~(17) (10) All gaming machine auditing procedures and any follow-up performed shall be documented, maintained for inspection, and provided to the Tribal gaming regulatory authority upon request.~~