

§542.41 What are the minimum internal control standards for drop and count for Tier C gaming operations?

(a) *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.

Justification: Based on previous MICS audits, gaming operations do not always obtain specific approval of the computer applications being utilized. Adding the words “in writing” will require them to obtain documentation of approval.

(b) *Table game drop standards.* (1) The setting out of empty table game drop boxes and the drop shall be a continuous process. **The drop begins with the removal of the first table game drop box.**

Justification: The recommended change is intended to clarify when the table drop procedures begin so that surveillance can observe the process as required by (b) (7) of this section.

Comment (December): The words “continuous process” in all table game drop and count sections 542.21(b) (1), 31(b) (1) and 41(b) (1), shall not make it mandatory for the gaming operation to replace the full drop boxes with empty drop boxes if it is the last drop of the day and the operation wishes not to replace the boxes until the next morning when business resumes. Some gaming operations may not open table games for days at a time.

Therefore, propose that Continuous Process means once the drop process begins as defined in (b)(1) of this section, “the drop process should not be interrupted or discontinued until all tables which were opened during the shift are dropped. Continuous process does not mean that tables must be outfitted with empty drop boxes if the next shift does not begin immediately.” This proposed language is also consistent with that provided in (2) (ii) below.

Response: Agree that language is ambiguous

Revised proposal (b) (1) as a result of December comment:

(b) *Table game drop standards.* (1) The setting out of empty table game drop boxes and the drop shall be a continuous process. **The drop begins with the removal of the first table game drop box; however, empty drop boxes are not required to be placed on tables that are inactive at the time of the drop.**

(2) At the end of each shift:

- (i) All locked table game drop boxes shall be removed from the tables by a person independent of the pit shift being dropped;
- (ii) A separate drop box shall be placed on each table opened at any time during each shift or a gaming operation may utilize a single drop box with separate openings and compartments for each shift; and
- (iii) Upon removal from the tables, table game drop boxes shall be transported directly to the count room or other equivalently secure area with comparable controls and locked in a secure manner until the count takes place.

(3) If drop boxes are not placed on all tables, then the pit department shall document which tables were open during the shift.

(4) The transporting of table game drop boxes shall be performed by a minimum of two persons, at least one of whom is independent of the pit shift being dropped.

(5) All table game drop boxes shall be posted with a number corresponding to a permanent number on the gaming table and marked to indicate game, table number, and shift.

Note (May): Following discussion during the conference call, the decision was made to add “if applicable” following “shift” due to the fact that an increasing number of gaming operations are using a single box for a twenty-four shift.

Proposed revision incorporating May note:

(5) All table game drop boxes shall be posted with a number corresponding to a permanent number on the gaming table and marked to indicate game, table number, and shift (if applicable).

(6) For table game drop boxes that allow for the automated recording of the cash inserted into the drop box (e.g., contain a drop meter), the following standards shall apply:

(i) Immediately prior to or subsequent to a table games drop, a reading of the automated recording of the amount of cash inserted into each drop box since the last drop shall be obtained (e.g., obtain and record meter readings). If manual meter readings are taken and recorded, this shall be performed by someone independent of the count team.

(ii) The meter readings, by table, shall be documented and maintained.

Justification for original revisions: To include controls specific to table games drop boxes that allow technological aids in the recording of currency placed into the drop boxes. The noted technology is becoming more prevalent in the gaming industry and the MICS is currently silent regarding the related internal controls. The proposed revision is intended to facilitate the implementation of such systems.

~~(6)~~ **(7)** Surveillance shall be notified when the drop is to begin so that surveillance may monitor the activities.

(c) *Soft count room personnel.* (1) The table game soft count and the gaming machine bill acceptor count shall be performed by a minimum of three employees.

(2) Count room personnel shall not be allowed to exit or enter the count room during the count except for emergencies or scheduled breaks. At no time during the count, shall there be fewer than three employees in the count room until the drop proceeds have been

accepted into cage/vault accountability. Surveillance shall be notified whenever count room personnel exit or enter the count room during the count.

(3) Count team members shall be rotated on a routine basis such that the count team is not consistently the same three persons more than four (4) days per week. This standard shall not apply to gaming operations that utilize a count team of more than three persons.

(4) The count team shall be independent of transactions being reviewed and counted.

The count team shall be independent of the cage/vault departments; however, an accounting representative may be used if there is an independent audit of all soft count documentation.

Comment (October): Replace “cage/vault departments” with “departments with no incompatible functions”.

Response: Disagree. The cage/vault departments are responsible for receiving and verifying the drop proceeds, and therefore should be specifically excluded from participating in the drop and count.

(5) All coin, tokens, chips and/or cash inventory stored in the count room shall be secured from unauthorized access at all times.

Justification: The recommended addition is to provide soft count room controls for times when the count process is conducted in a location that stores coin, tokens, chips, or cash/ cash equivalents.

Comment (December): This provision can be construed to permit cash, etc. to be stored in the count room.

Response: Comment is accurate. The proposed revision is intended to recognize that a gaming operation may store coin, tokens, chips and cash in the count room; however, if such inventories are located in the count room, the rule stipulates that they must be secure from unauthorized access.

(d) *Table game soft count standards.* (1) The table game soft count shall be performed in a soft count room or other equivalently secure area with comparable controls.

(2) Access to the count room during the count shall be restricted to members of the drop and count teams, with the exception of authorized observers, supervisors for resolution of problems, and authorized maintenance personnel.

Written Comment (March): Add the following language to the end of the sentence: “pursuant to policies and procedures established by management and approved by the TGRA.”

Response: The existing standard was reviewed by the Committee which had no comment. The authority of the TGRA is inherent in 542.3 (c) and do not need to be reiterated in this context.

(3) If counts from various revenue centers occur simultaneously in the count room, procedures shall be in effect that prevent the commingling of funds from different revenue centers.

(4) Immediately prior to the count at least two count team members shall verify the accuracy of the currency counter with previously counted currency for each denomination (i.e., test currency). The test currency shall be counted by the currency counter to ensure that the counter is functioning properly. The test results shall be documented and maintained.

Justification: The recommended additions are intended to provide procedures for the testing of the currency counters prior to table games count. The recommended controls are much needed as currency counting machines are used extensively throughout Indian gaming facilities and the accuracy of the counts is vital to the recordation of table games revenues.

Comment (October): Does the currency counter test include cash-out tickets?

Response: No. The standard applies to currency only, cash-out tickets are intentionally excluded.

(i) The currency counter test shall be performed with test currency rather than with currency from a drop box.

Comment (October): Tier A operations should be allowed to use drop box contents for the currency counter test.

Response: Disagree. Opening a drop box for the purpose of performing a test count represents a control risk. However, we agree with reducing the currency counter test requirements for Tier A. Accordingly, entire paragraph (4) is struck for Tier A only (Section 542.21).

(ii) If the same currency counter is used for one revenue center (e.g., gaming or nongaming revenue center) and then immediately used for a second revenue center, performing the currency counter test once will satisfy the standard provided the same count team members complete one count and then proceed to the other revenue center count.

Justification: Recognizing that the use of electronic currency counters that count each bill by denomination has become prevalent within the industry and that the use of such devices functions as a mitigating factor to risk, the proposed revision is intended to modify the required control accordingly.

~~(4)~~ (5) The table game drop boxes shall be individually emptied and counted in such a manner to prevent the commingling of funds between boxes until the count of the box has been recorded.

(i) The count of each box shall be recorded in ink or other permanent form of recordation.

(ii) **For counts that do not utilize a currency counter**, a second count shall be performed by an employee on the count team who did not perform the initial count.

Comment (December): The insertion of the term “currency counter” unintentionally omits standards for the counting of chips. Two counts should still be taking place regarding chips, tokens, etc.

Response: Agree

Revised proposal as a result of December comments:

(ii) **For counts that do not utilize a currency counter**, a second count shall be performed by an employee on the count team who did not perform the initial count.

Separate counts of chips and tokens must always be performed by employees of the count team.

(iii) Coupons or other promotional items not included in gross revenue may be recorded on a supplemental document by either the count team members or accounting personnel. All single-use coupons shall be cancelled daily by either the count team members or accounting personnel to prevent improper recirculation.

Justification: The recommended addition is to provide controls related to coupons, promotional items and other paper records contained in the table games drop boxes. Additionally, the proposed standards are intended to provide an alternative to the process of including all coupons in the calculation of gross gaming revenues.

Comment (October): Remove “either” and “or accounting personnel”.

Response: Disagree. It is left to the discretion of the TGRA to determine whether accounting personnel should be precluded from performing coupon cancellation procedures.

Comment (October): Add a similar standard to the gaming machine drop and count standards.

Response: Disagree. Coupons or other promotional items are included in gaming machine gross revenue. Therefore, the standard is not applicable to the gaming machine drop and count.

Comment (December): Insert “in the soft count room” into the second sentence after “cancelled daily”. The cancellation of coupons or promotional items should occur in the soft count room and these items should not leave the control of the soft-count room un-cancelled.

Response: Disagree. Although we agree that the count room is the preferred location for the cancellation of coupons, the standard is intended to allow management the option of requiring cancellation in the count room or accounting department. It is noteworthy that it is within the prerogative of the Tribal gaming regulatory authority to set a more restrictive control.

(iv) If a currency counter interface is used:

(A) It shall be adequately restricted (e.g., password, keys, etc.) so as to prevent unauthorized access.

Justification: The use of currency counters and the direct communications/ downloads into the accounting system is becoming a standard practice and therefore controls governing access to the computer interface are needed.

(B) The currency drop figures shall be transferred via direct communications line or computer storage media to the accounting department.

Justification: The recommended addition is to provide controls related to the transfer of soft count data via electronic communications or storage media to the accounting department.

~~**(iii) Corrections to information originally recorded by the count team on soft count documentation shall be made by drawing a single line through the error, writing the correct figure above the original figure, and then obtaining the initials of at least two count team members who verified the change.**~~

Justification: The standard has been moved to (d) (14) below.

Standard (d) (6) has been moved to proposed 542.XX Revenue Audit section.

~~**(6) Unannounced currency counter and currency counter interface (if applicable) tests shall be performed by personnel independent of the cage, vault, count team, and table games departments (as applicable) on at least a quarterly basis with the test results documented and maintained. All denominations of currency and all types of cash out tickets counted by the currency counter must be tested. This test may be performed by internal audit or the Tribal gaming regulatory authority. The result of these tests shall be documented and signed by the person or persons performing the test.**~~

~~**(5)**~~ **(6)** If currency counters are utilized and the count room table is used only to empty boxes and sort/stack contents, a count team member shall be able to observe the loading and unloading of all currency at the currency counter, including rejected currency. **The**

count team member operating the currency counter does not need to be monitored by another count team member if an individual independent of the count process monitors the operator of the currency counter for a minimum of one hour during the count process from recorded or live surveillance at least monthly. The date, time, and results of the independent observation shall be documented.

Justification: The standard is intended to provide clarification of the count process and the verification of placing currency in and removing from the currency counting devices.

Comment (October): Include a provision that the independent observation will be unannounced.

Response: Agree.

Revised proposal as a result of October comments:

~~(5)~~ **(6)** If currency counters are utilized and the count room table is used only to empty boxes and sort/stack contents, a count team member shall be able to observe the loading and unloading of all currency at the currency counter, including rejected currency. **The count team member operating the currency counter does not need to be monitored by another count team member if an individual independent of the count process monitors the operator of the currency counter on an unannounced basis for a minimum of one hour during the count process from recorded or live surveillance at least monthly. The date, time, and results of the independent observation shall be documented.**

(7) When the currency counter rejects currency but does not record the amount of rejected currency (re-run of rejected currency is permissible), procedures shall be developed and implemented to record the rejected currency amount by table game and to ensure that two counts of the rejected currency (by table game and in total)

are performed to ensure the correct amount of the drop is recorded on the count

sheet. Posting rejected currency to a nonexistent “dummy” table game is prohibited.

Justification: The recommended addition is to provide controls on the currency that the counting devices cannot read or count. Since the currency counters cannot identify the currency bills, they are more susceptible to misappropriation and therefore must be adequately accounted for.

Comment (December): While agreeing with the intent of this provision, the term “rejected currency” needs to be clarified. Propose the following definition: “rejected currency shall mean currency which the currency counter cannot read or count”. This will allow for currency which simply needs to be flattened out and run again through the currency counter.

Response: Agree. Definition of rejected currency has been added to MICS definitions

~~(6)~~ (8) Table game drop boxes, when empty, shall be shown to another member of the count team, or to another person who is observing the count, or to surveillance, provided the count is monitored in its entirety by a person independent of the count.

~~(7) (9) Orders for fill/credit (if applicable) shall be matched to the fill/credit slips.~~

Fill/credit slips removed from the drop boxes shall be matched to the fill/credit slips obtained from the cage or otherwise reconciled by the count team members to verify that the total dollar amounts for the shift are identical. Fills and credits shall be traced

to or recorded on the count sheet.

Justification: The recommended deletion results from NIGC staff’s long-standing concern that the requirement is overly burdensome. In addition, the use of computerized fill/credit systems eliminates the need for manual orders for fill/credit. The recommended addition is clarification of the count room procedures for the reconciliation of the fills and credits issued from the cage and those slips located in the table drop boxes.

Comment (December): The original language should be restored because the proposed language imposes an incompatible function by requiring count personnel to perform accounting/revenue audit functions. The introduction of a large volume of accounting documents into the count room is very likely to overwhelm the count team and significantly adds to the number of people who

will handle and could manipulate these documents. While we agree that there should be clear standards pertaining to the reconciliation of fill/credit documentation, the proposed language requires what is clearly an accounting function to be performed by the count team.

Response: Agree. Although we believe that is preferable to have the task performed by the count team at the time the count is taking place, we also recognize that performance of the procedure by the accounting department does not diminish the effectiveness of the control, particularly if the inside copy is independently conveyed to accounting personnel.

Comment (December): Insert accounting/revenue audit personnel as an alternative to the count team members performing the cancellation.

Response: Agree.

Revised proposal as a result of December comments:

~~(7) (9) Orders for fill/credit (if applicable) shall be matched to the fill/credit slips.~~

Fill/credit slips removed from the drop boxes shall be matched to the fill/credit slips obtained from the cage or otherwise reconciled by the count team members or accounting department/revenue audit personnel to verify that the total dollar amounts for the shift are identical. Fills and credits shall be traced to or recorded on the count sheet.

~~(8) (10)~~ Pit marker issue and payment slips (if applicable) removed from the table game drop boxes shall either be:

- (i) Traced to or recorded on the count sheet by the count team; or
- (ii) Totaled by shift and traced to the totals documented by the computerized system.

Accounting personnel shall verify the issue/payment slip for each table is accurate.

~~(9) (11)~~ Foreign currency exchange forms (if applicable) removed from the table game drop boxes shall be reviewed for the proper daily exchange rate and the conversion amount shall be recomputed by the count team. Alternatively, this may be performed by accounting/auditing employees.

~~(10)~~ **(12)** The opening/closing table and marker inventory forms (if applicable) shall either be:

- (i) Examined and traced to or recorded on the count sheet; or
- (ii) If a computerized system is used, accounting personnel can trace the opening/closing table and marker inventory forms to the count sheet. Discrepancies shall be investigated with the findings documented and maintained for inspection.

(13) Corrections to information originally recorded by the count team on soft count documentation shall be made by drawing a single line through the error, writing the correct figure above the original figure, and then obtaining the initials of at least two count team members who verified the change. If a currency interface is used, corrections to table games count data shall be made using either of the following:

(i) Drawing a single line through the error on the table games document, writing the correct figure above the original figure, and then obtaining the initials of at least two count team employees. If this procedure is used, an employee independent of the table games department and count team shall enter the correct figure into the computer system prior to the generation of related master games summary reports;
or

(ii) During the count process, correct the error in the computer system and enter the passwords of at least two count team employees. If this procedure is used, an exception report shall be generated by the computer system identifying the table game number, the error, the correction, and the count team employees attesting to the correction.

Justification: The first standard has been moved from the existing (d) (4) (iii) above. The recommended additions are to provide controls for the use of currency interface

systems which are becoming standard industry practice. It is noteworthy that the MICS are silent with regard to the correction of drop report errors when a currency interface is utilized.

Note: A comment was made at the December meeting relative to 542.41 (f) (12) recommending an alternative revision to that originally proposed. The comment was accepted and (f)(12) was revised accordingly. Because the (d) (14) standard relating to Table Games parallels the (f)(12) standard relating to gaming machines, (d) (14) has been revised accordingly.

Revised proposal incorporating note:

(13) To correct errors in soft count documentation, a single line shall be drawn through the error, and the correct figure entered above the original figure. The correction shall be initialed by at least two count team members verifying the change. If a currency interface is used, corrections to table games count data shall be made using one of the following:

(i) Draw a single line through the error on the table games document, and write the correct figure above the original figure. The correction must then be initialed by the two count team members verifying the change. If this procedure is used, an employee independent of the table games department and count team shall enter the correct figure into the computer system prior to the generation of related table games reports; or

(ii) During the count process, correct the error in the computer system and enter the passwords of at least two count team employees. If this procedure is used, an exception report shall be generated by the computer system identifying the table games number, the error, the correction, and the count team employees attesting to the correction.

Comment (October): An alternative procedure should be included for automated systems that do not allow corrections by the count team.

Response: Agree. Revised accordingly

Revised proposal as a result of October comment:

(iii) If the computer system does not allow corrections as specified in (ii), management shall develop and implement alternative procedures for documenting corrections to the soft count records and communicating the information to the accounting department.

(14) (14) The count sheet shall be reconciled to the total drop by a count team member who shall not function as the sole recorder **and variances shall be reconciled and documented.**

Justification: Documenting and reconciling variances for cash and/or cash equivalents is considered a fundamental control for safeguarding the assets and the count process.

(12) (15) All members of the count team shall sign the count document or a summary report to attest to their participation in the count.

(13) (16) All drop proceeds and cash equivalents that were counted shall be turned over to the cage or vault cashier (who shall be independent of the count team) or to an authorized person/employee independent of the revenue generation and the count process for verification. Such person shall certify by signature as to the ~~accuracy~~ **amount** of the drop proceeds delivered and received. **It is recommended that the individual performing the verification count be precluded from having prior knowledge of the results of previous count performed by count team personnel. Any unresolved variances shall be reconciled, documented, and/or investigated by accounting/revenue audit.**

Justification: Documenting and reconciling variances for cash and/or cash equivalents is considered a fundamental control for safeguarding the assets and the count process.

~~(14)~~ **(17)** The count sheet, with all supporting documents, shall be delivered to the accounting department by a count team member or a person independent of the cashiers department. Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.

(18) The cage/vault employee shall sign the count sheet, or other reconciling document, and thereby assume accountability of the currency drop proceeds, ending the count.

Justification: The standard is considered clarification for the end of the count process and the transfer of accountability of the proceeds to the cage/vault department.

~~(15)~~ **(19)** Access to stored, full table game drop boxes shall be restricted to authorized members of the drop and count teams.

(e) *Gaming machine bill acceptor drop standards.* (1) A minimum of three employees shall be involved in the removal of the gaming machine drop, at least one of whomm is independent of the gaming machine department.

(2) All bill acceptor canisters shall be removed only at the time previously designated by the gaming operation and reported to the Tribal gaming regulatory authority, except for emergency drops.

(3) Surveillance shall be notified when the drop is to begin so that surveillance may monitor the activities.

Comment (October): Add sentence regarding when the drop begins, re: table games drop and count (b)(1).

Response: Agree. See revised (e)(3). (not applicable to Tier A)

Revised proposal as a result of October comments:

(3) Surveillance shall be notified when the drop is to begin so that surveillance may monitor the activities. **The gaming machine bill acceptor drop begins when the first bill acceptor box is removed.**

(4) The bill acceptor canisters shall be removed by a person independent of the gaming machine department then transported directly to the count room or other equivalently secure area with comparable controls and locked in a secure manner until the count takes place.

(i) Security shall be provided over the bill acceptor canisters removed from the gaming machines and awaiting transport to the count room.

(ii) The transporting of bill acceptor canisters shall be performed by a minimum of two persons, at least one of whom is independent of the gaming machine department.

(5) All bill acceptor canisters shall be posted with a number corresponding to a permanent number on the gaming machine.

(f) *Gaming machine bill acceptor count standards.* (1) The gaming machine bill acceptor count shall be performed in a soft count room or other equivalently secure area with comparable controls.

(2) Access to the count room during the count shall be restricted to members of the drop and count teams, with the exception of authorized observers, supervisors for resolution of problems, and authorized maintenance personnel.

(3) If counts from various revenue centers occur simultaneously in the count room, procedures shall be in effect that prevent the commingling of funds from different revenue centers.

(4) The count team shall not have access to bill-in meter amounts until after the count is completed and the drop proceeds are accepted into the cage/vault accountability. A count team member is allowed to read/record the amount from the bill-in meters provided the count team members do not have knowledge of the dollar amount of currency contained in the currency acceptor drop boxes pursuant to the bill-in meters during the count process.

Justification: The recommended addition is to ensure that the count team members do not have access to the gaming machine meter data prior to completion of the count. If the count team were to have access to such information, incorrect meter data that result in overages could be used to misappropriate funds without an audit trail.

Written Comment (March): Need to use “bill acceptor canister” rather than “currency acceptor drop box”.

Response: Agree. Scrivener error. Will be corrected.

Corrected proposal as a result of March written comment:

(4) The count team shall not have access to bill-in meter amounts until after the count is completed and the drop proceeds are accepted into the cage/vault accountability. A count team member is allowed to read/record the amount from the bill-in meters provided the count team members do not have knowledge of the dollar amount of currency contained in the ~~currency acceptor drop boxes~~ bill acceptor canisters pursuant to the bill-in meters during the count process.

(5) Immediately prior to the count at least two count team members shall verify the accuracy of the currency counter with previously counted currency for each denomination (i.e., test currency). The test currency is counted by the currency counter to ensure the counter is functioning properly. The test results shall be documented and maintained.

(i) The currency counter test must be performed with test currency rather than with currency from a bill acceptor.

(ii) If the same currency counter is used for one revenue center (e.g., gaming or nongaming revenue center) and then immediately used for a second revenue center, performing the currency counter test once will satisfy the standard provided the same count team members complete one count and then proceed to the other revenue center count.

Justification: The recommended additions are intended to provide procedures for the testing of the currency counters prior to gaming machine count. The recommended controls are much needed as currency counting machines are used extensively throughout Indian gaming facilities and the accuracy of the counts is vital to the recordation of gaming machine revenues.

Comment (December): As noted by the NIGC in its “Justification” this is a procedure which implies that it is not a standard. While we agree that there does need to be a standard for testing the currency counter, the NIGC must recognize that each tribe may have a similar method of testing that would meet this standard. We recommend the following language for Item (f)(5): “(a) Unannounced testing, on a quarterly basis by personnel independent of the cage, vault, count team and gaming machine departments for all denominations and types of cash-out tickets used by the operation; (b) Documentation of test results on a quarterly basis with the test results being documented and maintained.” (Note: Commenter did not provide clarification when asked if this was recommended as a substitute test or an additional test.)

Response: Disagree. The unannounced testing requirement is reflected at below standard (f)(7). Standard (f)(5) is intended to establish a control that would assure the functionality of the currency counter prior to commencement of each count.

(6) If a currency counter interface is used:

(i) It shall be adequately restricted (e.g., password, keys, etc.) so as to prevent unauthorized access).

Justification: The use of currency counters and the direct communications/ downloads into the accounting system is becoming a standard practice and therefore controls governing access to the computer interface are needed.

(ii) The currency drop figures shall be transferred via direct communications line or computer storage media to the accounting department.

Justification: The recommended addition is to provide controls related to the transfer of soft count data via electronic communications or storage media to the accounting department.

Standard (f) (7) has been moved to proposed 542.XX Revenue Audit section.

~~(7) Unannounced currency counter and currency counter interface (if applicable) tests shall be performed by personnel independent of the cage, vault, count team, and gaming machines departments (as applicable) on at least a quarterly basis with the test results documented and maintained. All denominations of currency and all types of cash out tickets counted by the currency counter must be tested. This test may be performed by internal audit or the Tribal gaming regulatory authority. The result of these tests shall be documented and signed by the person or persons performing the test.~~

~~(4) (7)~~ The bill acceptor canisters shall be individually emptied and counted in such a manner to prevent the commingling of funds between canisters until the count of the canister has been recorded.

(i) The count of each canister shall be recorded in ink or other permanent form of recordation.

~~(ii) Corrections to information originally recorded by the count team on soft count documentation shall be made by drawing a single line through the error, writing the correct figure above the original figure, and then obtaining the initials of at least two count team members who verified the change.~~

Justification: The standard has been moved to the new (f) (12) below.

~~(5)~~ **(8)** If currency counters are utilized and the count room table is used only to empty canisters and sort/stack contents, a count team member shall be able to observe the loading and unloading of all currency at the currency counter, including rejected currency. **The count team member operating the currency counter does not need to be monitored by another count team member if an individual independent of the count process monitors the operator of the currency counter for a minimum of one hour during the count process from recorded or live surveillance at least monthly.**

The date, time, and results of the independent observation shall be documented.

Justification: The standard is intended to provide clarification of the count process and the verification of placing currency in and removing from the currency counting devices. The proposed standard recognizes the diminished risk when a currency counter is used.

Comment (October): Include a provision that the independent observation will be unannounced.

Response: Agree. Revised accordingly.

Revised proposal as a result of October comments:

~~(5)~~ **(8)** If currency counters are utilized and the count room table is used only to empty canisters and sort/stack contents, a count team member shall be able to observe the loading and unloading of all currency at the currency counter, including rejected currency. **The count team member operating the currency counter does not need to be monitored by another count team member if an individual independent of the count process monitors the operator of the currency counter on an unannounced basis for a minimum of one hour during the count process from recorded or live surveillance at least monthly. The date, time, and results of the independent observation shall be documented.**

Justification: The recommended addition is to provide controls on the currency that the counting devices cannot read or count. Since the currency counters cannot identify the

currency bills, they are more susceptible to misappropriation and therefore must be adequately protected.

Comment (December): While agreeing with the intent of this provision, it does lack clarity and we therefore propose the following language: “If the currency counter rejects currency, the rejected currency may be re-run or, alternatively, in accordance with the procedure specified by the system manufacturer for the handling of reject currency. If currency is rejected following the above standard, the amount of the rejected currency and the correct amount of the drop shall be manually recorded in accordance with procedures established by the gaming operation and approved by the TGRA.”

If our recommended language is not used then we think it imperative that a definition of “rejected currency” be included and recommend the following definition: “Rejected Currency” means currency that the currency counter cannot read or count.

Response: Agree. Although we believe the latitude to re-run rejected currency is self evident, to ensure there is no confusion that the revision does not preclude the re-running of rejected currency, below is an amended version of the proposed rule:

Response: Agree. Definition of rejected currency has been added to the MICS.

Written Comment (March): We believe that the suggested NIGC language is too low of a standard for gaming operations and conflicts with the Surveillance section of the MICS. Additionally, the documentation of the monitoring by the surveillance department will be addressed accordingly in the surveillance section of the MICS. Therefore we recommend item (9) be revised as follows:

“If currency counters are utilized and the count room table is used only to empty canisters and sort/stack contents:

a) a count team member shall be able to observe the loading and unloading of all currency at the currency counter, including rejected currency;

b) If the use of the currency counter is continuously monitored in accordance with 542.43(u)(3)(iv) by live, dedicated surveillance, the currency counter may be operated by one member of the count team and no physical observation of the loading or unload of currency by another count team member is required.

Response: The Committee reviewed the proposed revision and made comments. NIGC staff revised the proposed revision and the Committee had no further comments.

(9) When the currency counter rejects currency (re-run of rejected currency is permissible) but does not record the amount of rejected currency, procedures shall be developed and implemented to record the rejected currency amount, by gaming machine, and to ensure that two counts of the rejected currency (by gaming machine and in total) are performed to ensure the correct amount of the drop is recorded on the count sheet. Posting rejected currency to a nonexistent “dummy” gaming machine is prohibited.

~~(6)~~ (10) Canisters, when empty, shall be shown to another member of the count team, to another person who is observing the count, or to surveillance, provided that the count is monitored in its entirety by a person independent of the count.

(11) Corrections to information originally recorded by the count team on soft count documentation shall be made by drawing a single line through the error, writing the correct figure above the original figure, and then obtaining the initials of at least two count team members who verified the change. If a currency interface is used, corrections to gaming machine count data shall be made using either of the following:

(i) Drawing a single line through the error on the gaming machine document, writing the correct figure above the original figure, and then obtaining the initials of at least two count team employees. If this procedure is used, an employee independent of the gaming machine department and count team shall enter the correct figure into the computer system prior to the generation of related gaming machine reports; or

(ii) During the count process, correct the error in the computer system and enter the passwords of at least two count team employees. If this procedure is used, an exception report shall be generated by the computer system identifying the gaming machine number, the error, the correction, and the count team employees attesting to the correction.

Justification: The first standard has been moved from the existing (f) (8) (ii) above. The recommended additions are to provide controls for the use of currency interface systems which are becoming standard industry practice. It is noteworthy that the MICS are silent with regard to the correction of drop report errors when a currency interface is utilized.

Comment (December): In order to clarify the above section, we recommend the following:

“(11) To correct errors in soft count documentation, a single line must be drawn through the error, and the correct figure entered above the original figure. The correction must be initialed by at least the two count team members verifying the change. If a currency interface is used, corrections to gaming machine count data shall be made using one of the following:

(i) Draw a single line through the error on the gaming machine document, and write the correct figure above the original figure. The correction must then be initialed by the two count team members verifying the change.

If this procedure is used, an employee independent of the gaming machine department and count team shall enter the correct figure into the computer system prior to the generation of related gaming machine reports; or

(ii) During the count process, correct the error in the computer system and enter the passwords of at least two count team employees. If this procedure is used, an exception report shall be generated by the computer system identifying the gaming machine number, the error, the correction, and the count team employees attesting to the correction.”

Response: Agree.

Revised proposal as a result of December comments:

(11) To correct errors in soft count documentation, a single line shall be drawn through the error, and the correct figure entered above the original figure. The

correction shall be initialed by at least two count team members verifying the change. If a currency interface is used, corrections to gaming machine count data shall be made using one of the following:

(i) Draw a single line through the error on the gaming machine document, and write the correct figure above the original figure. The correction must then be initialed by the two count team members verifying the change. If this procedure is used, an employee independent of the gaming machine department and count team shall enter the correct figure into the computer system prior to the generation of related gaming machine reports; or

(ii) During the count process, correct the error in the computer system and enter the passwords of at least two count team employees. If this procedure is used, an exception report shall be generated by the computer system identifying the gaming machine number, the error, the correction, and the count team employees attesting to the correction.

(iii) If the computer system does not allow corrections as specified in (ii), management shall develop and implement alternative procedures for documenting corrections to the soft count records and communicating the information to the accounting department.

~~(7)~~ (12) The count sheet shall be reconciled to the total drop by a count team member who shall not function as the sole recorder, and variances shall be reconciled and documented. This standard does not apply to cash-out tickets removed from the bill acceptors.

Justification: The recommended addition is to provide clarification that the count sheet does not need to be reconciled with the cash-out tickets accepted by the currency

acceptors.

Written Comment (March): A bill acceptor does not store cash or tickets. Please add the word “canister”.

Response: Agree. Standard revised accordingly.

Revised proposal as a result of March comment:

~~(7)~~ **(11)** The count sheet shall be reconciled to the total drop by a count team member who shall not function as the sole recorder **and variances shall be reconciled and documented. This standard does not apply to cash-out tickets removed from the bill acceptors canisters.**

~~(8)~~ **(13)** All members of the count team shall sign the count document or a summary report to attest to their participation in the count.

~~(9)~~ **(13)** All drop proceeds and cash equivalents that were counted shall be turned over to the cage or vault cashier (who shall be independent of the count team) or to an authorized person/employee independent of the revenue generation and the count process for verification. Such person shall certify by signature as to the accuracy of the drop proceeds delivered and received.

Comment (December): By requiring the vault department to attest to the “accuracy” of the proceeds delivered/received from the count personnel, the amount established by soft-count team must be disclosed to the vault cashier thereby precluding the possibility of a blind count. Therefore, we recommend changing the term “accuracy” to “amount”. The following should also be inserted into this section: “Provided that no part of this Regulation shall prevent a gaming operation, with the approval of the TGRA, to establish policies and procedures for performing a Blind Count with controls that ensure that any discrepancies are documented, investigated, and reconciled. For the purposes of this Regulation, a “Blind Count” means a procedure in which the count team and vault personnel independently count the drop and the results of each respective count are reviewed by the accounting department which will document, investigate, and reconcile any discrepancy between the documentation from the count and vault departments.

Some tribal operations in Oklahoma utilize a blind count procedure and believe that it constitutes a higher standard of control because it precludes any potential for collusion between the count and vault departments. There is a concern that the revised standard may be interpreted to exclude the use of blind count procedures.

We recommend changing the term “accuracy” to “amount”. In order to be consistent with item (d)(17) of this Regulation, we also propose the following revision to the last sentence: “Any variance shall be **reconciled, documented, and/or investigated by accounting/revenue audit.**”

Response: Agree. Revised accordingly

Revised proposal as a result of December comments:

(9)(13) All drop proceeds and cash equivalents that were counted shall be turned over to the cage or vault cashier (who shall be independent of the count team) or to an authorized person/employee independent of the revenue generation and the count process for verification. Such person shall certify by signature as to the ~~accuracy~~ **amount** of the drop proceeds delivered and received. **It is recommended that the employee performing the verification count be precluded from having prior knowledge of the results of previous count performed by count team personnel. Any unresolved variances shall be reconciled, documented, and/or investigated by accounting/revenue audit.**

(14) The cage/vault employee shall sign the count sheet, or other reconciling document, and thereby assume accountability of the currency drop proceeds, ending the count.

Justification: The standard is considered clarification for the end of the count process and the transfer of accountability of the proceeds to the cage/vault department.

Written Comment (March): Should any new language be necessary, we also propose the following: **(16) Once the drop proceeds are turned over to the cage or vault cashier, the count process is ended.**

Response: The Committee reviewed the proposed standard and had no comment. Disagree that the proposed wording should be added as (f)(15) already states “All drop proceeds and cash equivalents that were counted shall be turned over to the cage or vault cashier (who shall be independent of the count team) or to an authorized person/employee independent of the revenue generation and the count process for verification.”

(10) (15) The count sheet, with all supporting documents, shall be delivered to the accounting department by a count team member or a person independent of the cashiers department. Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.

(14)(16) Access to stored bill acceptor canisters, full or empty, shall be restricted to:

Written Comment (March): There are several questions regarding the intent of “stored canisters”. We would appreciate the NIGC providing clarification on this issue. A possible suggestion is to define “stored canister” as meaning the placement of the empty canister in a secure location when they are not being used in use during a drop process.

Response: The Committee reviewed the existing standard and had no comment. Nonetheless, the reference to empty bill acceptor canisters will be struck.

Revised proposal as a result of March written comment:

(14)(16) Access to stored **full** bill acceptor canisters, ~~full or empty~~, shall be restricted to:

- (i) Authorized members of the drop and count teams; and
- (ii) Authorized personnel in an emergency for the resolution of a problem.
- (g) *Gaming machine coin drop standards.* (1) A minimum of three employees shall be involved in the removal of the gaming machine drop, at least one of who is independent of the gaming machine department.

(2) All drop buckets shall be removed only at the time previously designated by the gaming operation and reported to the Tribal gaming regulatory authority, except for emergency drops.

(3) Surveillance shall be notified when the drop is to begin in order that surveillance may monitor the activities.

Comment (October): Add sentence regarding when the drop begins, re: table games drop and count (b)(1).

Response: Agree. See revised (g)(3) (Surveillance notification not applicable to Tier A)

Revised proposal as a result of October comments:

(3) Surveillance shall be notified when the drop is to begin in order that surveillance may monitor the activities. **The gaming machine coin drop begins when the first drop bucket is removed.**

(4) Security shall be provided over the buckets removed from the gaming machine drop cabinets and awaiting transport to the count room.

(5) As each machine is opened, the contents shall be tagged with its respective machine number if the bucket is not permanently marked with the machine number. The contents shall be transported directly to the area designated for the counting of such drop proceeds. If more than one trip is required to remove the contents of the machines, the filled carts of coins shall be securely locked in the room designed for counting or in another equivalently secure area with comparable controls. There shall be a locked covering on any carts in which the drop route includes passage out of doors.

(i) Alternatively, a smart bucket system that electronically identifies and tracks the gaming machine number, and facilitates the proper recognition of gaming revenue, shall satisfy the requirements of this paragraph.

(ii) [Reserved]

(6) Each drop bucket in use shall be:

(i) Housed in a locked compartment separate from any other compartment of the gaming machine and keyed differently than other gaming machine compartments; and

(ii) Identifiable to the gaming machine from which it is removed. If the gaming machine is identified with a removable tag that is placed in the bucket, the tag shall be placed on top of the bucket when it is collected.

(7) Each gaming machine shall have drop buckets into which coins or tokens that are retained by the gaming machine are collected. Drop bucket contents shall not be used to make change or pay hand-paid payouts.

(8) The collection procedures may include procedures for dropping gaming machines that have trays instead of drop buckets.

(h) *Hard count room personnel.* (1) The weigh/count shall be performed by a minimum of three employees.

(2) At no time during the weigh/count shall there be fewer than three employees in the count room until the drop proceeds have been accepted into cage/vault accountability.

Surveillance shall be notified whenever count room personnel exit or enter the count room during the count.

(i) If the gaming machine count is conducted with a continuous mechanical count meter that is not reset during the count and is verified in writing by at least three employees at the start and end of each denomination count, then one employee may perform the wrap.

(ii) [Reserved]

(3) Count team members shall be rotated on a routine basis such that the count team is not consistently the same three persons more than four (4) days per week. This standard shall not apply to gaming operations that utilize a count team of more than three persons.

(4) The count team shall be independent of transactions being reviewed and counted. The count team shall be independent of the cage/vault departments, unless they are non-supervisory gaming machine employees and perform the laborer function only (A non-supervisory gaming machine employee is defined as a person below the level of gaming machine shift supervisor). A cage cashier may be used if this person is not allowed to perform the recording function. An accounting representative may be used if there is an independent audit of all count documentation.

(i) *Gaming machine coin count and wrap standards.* (1) Coins shall include tokens.

(2) The gaming machine coin count and wrap shall be performed in a count room or other equivalently secure area with comparable controls.

(i) Alternatively, an on-the-floor drop system utilizing a mobile scale shall satisfy the requirements of this paragraph, subject to the following conditions:

(A) The gaming operation shall utilize and maintain an effective on-line gaming machine monitoring system, as described in §542.13(m) (3);

(B) Components of the on-the-floor drop system shall include, but not be limited to, a weigh scale, a laptop computer through which weigh/count applications are operated, a

security camera available for the mobile scale system, and a VCR to be housed within the video compartment of the mobile scale. The system may include a mule cart used for mobile weigh scale system locomotion.

(C) The gaming operation must obtain the security camera available with the system, and this camera must be added in such a way as to eliminate tampering.

(D) Prior to the drop, the drop/count team shall ensure the scale batteries are charged;

(E) Prior to the drop, a videotape shall be inserted into the VCR used to record the drop in conjunction with the security camera system and the VCR shall be activated;

(F) The weigh scale test shall be performed prior to removing the unit from the hard count room for the start of the weigh/drop/count;

(G) Surveillance shall be notified when the weigh/drop/count begins and shall be capable of monitoring the entire process;

(H) An observer independent of the weigh/drop/count teams (independent observer) shall remain by the weigh scale at all times and shall observe the entire weigh/drop/count process;

(I) Physical custody of the key(s) needed to access the laptop and video compartment shall require the involvement of two persons, one of whom is independent of the drop and count team;

(J) The mule key (if applicable), the laptop and video compartment keys, and the remote control for the VCR shall be maintained by a department independent of the gaming machine department. The appropriate personnel shall sign out these keys;

(K) A person independent of the weigh/drop/count teams shall be required to accompany these keys while they are checked out, and observe each time the laptop compartment is opened;

(L) The laptop access panel shall not be opened outside the hard count room, except in instances when the laptop must be rebooted as a result of a crash, lock up, or other situation requiring immediate corrective action;

(M) User access to the system shall be limited to those employees required to have full or limited access to complete the weigh/drop/count; and

(N) When the weigh/drop/count is completed, the independent observer shall access the laptop compartment, end the recording session, eject the videotape, and deliver the videotape to surveillance.

(ii) [Reserved]

(3) Access to the count room during the count shall be restricted to members of the drop and count teams, with the exception of authorized observers, supervisors for resolution of problems, and authorized maintenance personnel.

(4) If counts from various revenue centers occur simultaneously in the count room, procedures shall be in effect that prevent the commingling of funds from different revenue centers.

(5) The following functions shall be performed in the counting of the gaming machine drop:

(i) Recorder function, which involves the recording of the gaming machine count; and

(ii) Count team supervisor function, which involves the control of the gaming machine weigh and wrap process. The supervisor shall not perform the initial recording of the weigh/count unless a weigh scale with a printer is used.

(6) The gaming machine drop shall be counted, wrapped, and reconciled in such a manner to prevent the commingling of gaming machine drop coin with coin (for each denomination) from the next gaming machine drop until the count of the gaming machine drop has been recorded. If the coins are not wrapped immediately after being weighed or counted, they shall be secured and not commingled with other coin.

(i) The amount of the gaming machine drop from each machine shall be recorded in ink or other permanent form of recordation on a gaming machine count document by the recorder or mechanically printed by the weigh scale. **Additionally, if a weigh scale**

interface is used, the count figures shall be transferred via direct communications line or computer storage media to the accounting department.

Justification: The recommended addition is to provide controls related to the transfer of count data via electronic communications or storage media to the accounting department.

(ii) Corrections to information originally recorded by the count team on gaming machine count documentation shall be made by drawing a single line through the error, writing the correct figure above the original figure, and then obtaining the initials of at least two count team members who verified the change.

(A) If a weigh scale interface is used, corrections to gaming machine count data shall be made using **one either** of the following:

(1) Drawing a single line through the error on the gaming machine document, writing the correct figure above the original figure, and then obtaining the initials of at least two count team employees. If this procedure is used, an employee independent of the gaming

machine department and count team shall enter the correct figure into the computer system prior to the generation of related gaming machine reports; or

(2) During the count process, correct the error in the computer system and enter the passwords of at least two count team employees. If this procedure is used, an exception report shall be generated by the computer system identifying the gaming machine number, the error, the correction, and the count team employees attesting to the correction.

(B) [Reserved]

(7) If applicable, the weight shall be converted to dollar amounts ~~before~~ **prior to** the reconciliation of the weigh to the wrap.

(8) If a coin meter is used, a count team member shall convert the coin count for each denomination into dollars and shall enter the results on a summary sheet.

(9) The recorder and at least one other count team member shall sign the weigh tape and the gaming machine count document attesting to the accuracy of the weigh/count.

(10) All members of the count team shall sign the count document or a summary report to attest to their participation in the count.

(11) All drop proceeds and cash equivalents that were counted shall be turned over to the cage or vault cashier (who shall be independent of the count team) or to an authorized person/employee independent of the revenue generation and the count process for verification. Such person shall certify by signature as to the accuracy of the drop proceeds delivered and received.

(12) All gaming machine count and wrap documentation, including any applicable computer storage media, shall be delivered to the accounting department by a count team

member or a person independent of the cashier's department. Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.

(13) If the coins are transported off the property, a second (alternative) count procedure shall be performed before the coins leave the property. Any variances shall be documented.

(14) Variances. Large (by denomination, either \$1,000 or 2% of the drop, whichever is less) or unusual (e.g., zero for weigh/count or patterned for all counts) variances between the weigh/count and wrap shall be investigated by management personnel independent of the gaming machine department, count team, and the cage/vault functions on a timely basis. The results of such investigation shall be documented, maintained for inspection, and provided to the Tribal gaming regulatory authority upon request.

(j) *Security of the count ~~coin~~-room inventory during the gaming machine coin count and wrap.*

(1) If the count room serves as a coin room and coin ~~room~~ inventory is not secured so as to preclude access by the count team, then the following standards shall apply:

(i) At the commencement of the gaming machine count the following requirements shall be met:

(A) The coin room inventory shall be counted by at least two employees, one of whom is a member of the count team and the other is independent of the weigh/count and wrap procedures;

(B) The count in paragraph (j) (1) (i) (A) of this section shall be recorded on an appropriate inventory form;

(ii) Upon completion of the wrap of the gaming machine drop:

(A) At least two members of the count team (wrap team), independently from each other, shall count the ending coin ~~room~~ inventory;

(B) The counts in paragraph (j)(1)(ii)(A) of this section shall be recorded on a summary report(s) that evidences the calculation of the final wrap by subtracting the beginning inventory from the sum of the ending inventory and transfers in and out of the ~~coin count~~ room;

(C) **Prior to verification of the count by cage/vault personnel**, the same count team members shall compare the calculated wrap to the weigh/count, recording the comparison and noting any variances on the summary report;

Justification: The recommended change is to provide clarification that the weigh/count comparison is required to be completed prior to verification of the cage/vault.

(D) A member of the cage/vault department shall count the ending coin ~~room~~ inventory by denomination and shall reconcile it to the beginning inventory, wrap, transfers, and weigh/count. **Any reconciliation variance shall be documented;** and

Justification: All variances between recorded amounts and subsequent verification counts should be documented and reconciled.

(E) At the conclusion of the reconciliation, at least two count/wrap team members and the verifying **cage/vault** employee shall sign the summary report(s) attesting to its accuracy.

Justification: The recommended addition is to provide explicit clarification that the verifying employee is to be a cage/vault employee, who will be acquiring subsequent accountability of the count proceeds.

(2) If the count room is segregated from the coin room, or if the coin room is used as a count room and the coin room inventory is secured to preclude access by the count team, all of the following requirements shall be completed, at the conclusion of the count:

(i) At least two members of the count/wrap team shall count the final wrapped gaming machine drop independently from each other;

(ii) The **final** counts, **in total and by denomination**, shall be recorded on a summary report;

Justification: The recommended change is to provide clarification that only the final count, by total and by denomination needs to be recorded on the summary report.

(iii) The same count team members (or the accounting department) shall compare the final wrap to the weigh/count, recording the comparison and noting any variances on the summary report;

(iv) A member of the cage/vault department shall count the wrapped gaming machine drop by denomination and reconcile it to the weigh/count **summary report. Any variance shall be reconciled and documented;**

Justification: All variances between recorded amounts and subsequent verification counts should be documented and reconciled.

(v) At the conclusion of the reconciliation, at least two count team members and the cage/vault employee shall sign the summary report attesting to its accuracy; and

(vi) The wrapped coins (exclusive of proper transfers) shall be transported to the cage, vault or coin vault after the reconciliation of the weigh/count to the wrap.

(vii) The count team shall not have access to coin drop meter amounts until after the count is completed and the drop proceeds have been accepted into the cage/vault accountability. A count team member is allowed to read/record the amount from the coin-in meters provided the count team members do not have knowledge of the dollar amount of coin contained in the drop buckets pursuant to the coin-in meters during the count process.

Justification: The recommended addition is to ensure that the count team members do not have access to the gaming machine meter data prior to completion of the drop. If the count team were to have access to such information, incorrect meter data that results in overages could be embezzled without an audit trail of the theft.

Written Comment (March): It is our position that a count team member independent of the drop and count process for a gaming day may be allowed to perform this function, and therefore this item should be revised accordingly.

Comment: The Committee reviewed the proposed revision and had no comment. The situation described in the comment would be acceptable under the proposed revision and therefore no change is necessary.

(k) Transfers ~~during the gaming machine coin count and wrap.~~ of currency and coin

during the count. (1) Transfers may be permitted during the count and wrap only if permitted under the internal control standards approved by the Tribal gaming regulatory authority.

(2) Each transfer shall be recorded on a separate multi-part form with a preprinted or concurrently-printed form number ~~(used solely for gaming machine count transfers)~~ that shall be subsequently reconciled by the accounting department. ~~to ensure the accuracy of the reconciled gaming machine drop.~~

(3) Each transfer must be counted and signed for by at least two members of the count team and by a person independent of the count team who is responsible for authorizing the transfer.

(4) At least one part of the transfer form shall remain in the count room until the drop has been accepted into cage/vault accountability. The other part of the transfer form shall accompany the funds transferred from the count room during the count.

Justification for original revisions: The recommended revisions are to allow currency transfers out of the soft count room prior to completion of the count. The MICS are currently silent regarding the latitude of performing currency transfers during the soft

count process. The standards are intended to compensate for the increase in risk when currency is transferred out of the count room prior to completion of the count and verification by the cage/vault.

(l) Key controls-general (1) The gaming machine coin drop cabinet keys, table games drop box release keys, bill acceptor canister release keys, table games drop box contents keys, bill acceptor canister contents keys, and kiosk keys shall all be separately keyed from each other.

Written Comment (March): No Comment so long as the NIGC strikes this provision as agreed.

Response: The Committee reviewed the proposed standard and had no comment. Scrivener's notes contain no reference to agreeing to strike this provision. Believe that the commenter has confused agreement to strike similar provisions located in later subsections of 542.15 due to redundancy with (l) (1).

(2) Surveillance monitoring key access does not satisfy the requirements in this part for physical involvement.

(3) Master keys maintained/controlled by a locksmith are not subject to the requirements in this part.

Comment (October): Strike (l) (3).

Response: Agree. After striking (l) (3), (4) becomes (3), and (5) becomes (4).

Revised proposal as a result of October comment:

~~(3) Master keys maintained/controlled by a locksmith are not subject to the requirements in this part.~~

(3) All duplicate keys shall be maintained in a manner that provides the same degree of control as is required for the original keys. Records shall be maintained for each key duplicated that indicate the number of keys made and destroyed.

(4) Records shall be maintained by the custodian of sensitive keys to document authorization of personnel accessing keys.

Justification: The recommended additions are intended to provide clarification that the items named in (1) should be separately keyed; that surveillance monitoring cannot satisfy the requirement of physical involvement and that it is permissible for an external licensed locksmith to assume responsibility for the control of master keys. (4) and (5) have been moved from existing MICS standards which were previously (m) (5) and (6).

(4) (m) Gaming machine drop key control standards. (1) Gaming machine coin drop cabinet keys, including duplicates, shall be maintained by a department independent of the gaming machine department.

(2) The physical custody of the keys needed to access gaming machine coin drop cabinets, including duplicates, shall require the involvement of two persons, one of whom is independent of the gaming machine department.

Written Comment (March): Please clarify the use of the word “custody”? Does it mean possession or issuance of the keys?

Response: In this context, the word custody means the checking out of the keys.

Comment (May): Recommend replacing “the physical custody of” with “accessing” and “to access” with “to open”.

Response: Agreed. Modified accordingly.

Revised proposal as a result of May comment:

(2) ~~The physical custody of~~ **Accessing** the keys needed to ~~access~~ **open** gaming machine coin drop cabinets, including duplicates, shall require the involvement of two persons, one of whom is independent of the gaming machine department.

(3) Two employees (separate from key custodian) shall be required to accompany such keys while checked out and observe each time gaming machine drop cabinets are

accessed, unless surveillance is notified each time keys are checked out and surveillance observes the person throughout the period the keys are checked out.

~~(m)~~ (n) *Table game drop box key control standards.* (1) Procedures shall be developed and implemented to insure that unauthorized access to empty table game drop boxes shall not occur from the time the boxes leave the storage racks until they are placed on the tables.

(2) The involvement of at least two persons independent of the cage department shall be required to access stored empty table game drop boxes.

(3) The release keys shall be separately keyed from the contents keys.

Comment (October): Strike (n) (3). Duplicates (l) (1).

Response: Agree. After striking (n) (3), (n) (4) becomes (n) (3).

Revised proposal as a result of October comment:

~~(3) The release keys shall be separately keyed from the contents keys.~~

~~(4)~~ (3) At least three (two for table game drop box keys in operations with three tables or fewer) count team members are required to be present at the time count room and other count keys are issued for the count.

~~(5) All duplicate keys shall be maintained in a manner that provides the same degree of control as is required for the original keys. Records shall be maintained for each key duplicated that indicate the number of keys made and destroyed.~~

~~(6) Logs shall be maintained by the custodian of sensitive keys to document authorization of personnel accessing keys.~~

Justification: The standards have been moved to the new “Key controls-general” section above as the controls were intended to apply to all sensitive keys in the MICS and not just the Table game drop box keys.

Written Comment (March): Since item (l) (1) above is being removed from this document, then items (n)(5)-(6) should be re-inserted into this section.

Response: The Committee reviewed the proposed revision and had no comments. Scrivener's notes do not reflect a proposed removal of (l) (1). Therefore, there is no need to reinsert (n)(5)-(6).

~~(n)~~ (o) *Table game drop box release keys.* (1) The table game drop box release keys shall be maintained by a department independent of the pit department.

(2) Only the person(s) authorized to remove table game drop boxes from the tables shall be allowed access to the table game drop box release keys; however, the count team members may have access to the release keys during the soft count in order to reset the table game drop boxes.

(3) Persons authorized to remove the table game drop boxes shall be precluded from having simultaneous access to the table game drop box contents keys and release keys.

(4) For situations requiring access to a table game drop box at a time other than the scheduled drop, the date, time, and signature of employee signing out/in the release key must be documented.

~~(n)~~ (p) *Bill acceptor canister release keys.* (1) The bill acceptor canister release keys shall be maintained by a department independent of the gaming machine department.

(2) Only the person(s) authorized to remove bill acceptor canisters from the gaming machines shall be allowed access to the release keys.

(3) Persons authorized to remove the bill acceptor canisters shall be precluded from having simultaneous access to the bill acceptor canister contents keys and release keys.

(4) For situations requiring access to a bill acceptor canister at a time other than the scheduled drop, the date, time, and signature of employee signing out/in the release key must be documented.

~~(p)~~ **(q)** *Table game drop box storage rack keys.* (1) A person independent of the ~~pit-table~~ **games** department shall be required to accompany the table game drop box storage rack keys and observe each time table game drop boxes are removed from or placed in storage racks.

(2) Persons authorized to obtain table game drop box storage rack keys shall be precluded from having simultaneous access to table game drop box contents keys with the exception of the count team.

~~(q)~~ **(r)** *Bill acceptor canister storage rack keys.* (1) A person independent of the gaming machine department shall be required to accompany the bill acceptor canister storage rack keys and observe each time canisters are removed from or placed in storage racks.

(2) Persons authorized to obtain bill acceptor canister storage rack keys shall be precluded from having simultaneous access to bill acceptor canister contents keys with the exception of the count team.

(s) ~~(r)~~ *Table game drop box contents keys.* (1) The physical custody of the keys needed **to access the contents of the** ~~for accessing~~ stored, full table game drop boxes ~~contents~~ shall require the **physical** involvement of persons from ~~at least two~~ **three** separate departments. ~~with the exception of the count team.~~ Note: The key custodian checking out keys constitutes physical involvement.

Note: On review it was determined that the applicability of (s) (1) is captured by (s) (2). Therefore, it is proposed that (s) (1) be struck. After striking (s) (1), (s) (2) becomes (s) (1), and (s) (3) becomes (s) (2).

Comment (October): Include an exemption for automated key control systems.

Response: Agree. See addition to new (s) (1) note.

Comment (October): Specify that box contents access will occur only in the count room and under no other circumstances.

Response: Disagree. Standard (b) (2) (iii) requires direct transport of full table game drop boxes to the count room or other equivalently secured area with comparable controls. Therefore, access to the contents is precluded from occurring elsewhere.

Revised proposal as a result of October comments:

~~(1) The physical custody of the keys needed to access the contents of the for accessing stored, full table game drop boxes contents shall require the physical involvement of persons from at least two three separate departments. with the exception of the count team. Note: The key custodian checking out keys constitutes physical involvement.~~

~~(2) (1) Access to the table game drop box contents keys at other than scheduled count times shall require the involvement of at least three persons from separate departments, including management. The reason for access shall be documented with the signatures of all participants and observers. Two employees from separate departments are required to accompany the table game drop box contents key from the time the keys are issued until the time the keys are returned. The key custodian issuing keys constitutes physical involvement. A computerized key security system functions as the key custodian.~~

Justification: The recommended revision is to provide clarification and bring about consistency between the above standards. Furthermore, the revision is intended to explain that three persons are required to check out a contents key and two persons are required to accompany it while checked out.

Comment (October): Separate department custody provision could be interpreted to include during the count.

Response: Disagree. The standard is applicable only to access during times other than the scheduled count.

Comment (December): Change “checking out” to “issuance”.

Response: Agree.

Revised proposal as a result of December comment:

~~(2)~~ **(1) Access to Issuance of** the table game drop box contents keys at other than scheduled count times shall require the involvement of at least three persons from separate departments, including management. The reason for ~~access~~ **issuance** shall be documented with the signatures of all participants and observers. **Two employees from separate departments are required to accompany the table game drop box contents key from the time the keys are issued until the time the keys are returned. The key custodian issuing keys constitutes physical involvement. A computerized key security system functions as the key custodian.**

Written Comment (March): It is our position that a usernames and passwords or biometric signatures would satisfy the signature requirements.

Response: The Committee reviewed the proposed standard and made comments. NIGC staff agreed or disagreed and made revisions. The Committee made not further comments. 542.41 (a) permits the use of a computerized application so long as it provides the at least the level of control described by the standards in this section and has been approved by the TGRA.

~~(3)~~ **(2)** Only count team members shall be allowed access to table game drop box contents keys during the count process.

~~(s)~~ **(t)** *Bill acceptor canister contents keys.* (1) The physical custody of the keys needed **to access the contents of the** ~~for accessing~~ stored, full bill acceptor canisters ~~contents~~ shall require the **physical** involvement of persons from ~~at least two~~ **three** separate departments. ~~with the exception of the count team.~~ Note: The key custodian checking out keys constitutes physical involvement.

Note: On review it was determined that the applicability of (t) (1) is captured by (t) (2). Therefore, it is proposed that (t) (1) be struck. After striking (t) (1), (t) (2) becomes (t) (1), and (t) (3) becomes (t) (2).

~~(1) The physical custody of the keys needed to access the contents of the for accessing stored, full bill acceptor canisters contents shall require the physical involvement of persons from at least two three separate departments. with the exception of the count team. Note: The key custodian checking out keys constitutes physical involvement.~~

(1) (2) Access to the bill acceptor canister contents key at other than scheduled count times shall require the involvement of at least three persons from separate departments, one of whom must be a supervisor. The reason for access shall be documented with the signatures of all participants and observers. Two employees from separate departments are required to accompany the bill acceptor canister contents key from the time the keys are issued until the time the keys are returned.

Justification: The recommended revision is to provide clarification and bring about consistency between the above standards. Furthermore, the revision is intended to explain that three persons are required to check out a contents key and two persons are required to accompany it while checked out.

Note: On review, new (t) (1) has been revised for consistency with (s) (1).

Comment (December): Change “checking out” to “issuance”.

Response: Agree

Revised proposal as a result of December comment:

(1) (2) ~~Access to~~ Issuance of the bill acceptor canister contents key at other than scheduled count times shall require the involvement of at least three persons from separate departments, one of whom must be a supervisor. The reason for ~~access~~ issuance shall be documented with the signatures of all participants and observers. Two

employees from separate departments are required to accompany the bill acceptor canister contents key from the time the keys are issued until the time the keys are returned. The key custodian issuing keys constitutes physical involvement. A computerized key security system functions as the key custodian.

~~(3)~~ **(2)** Only the count team members shall be allowed access to bill acceptor canister contents keys during the count process.

~~(t)~~ **(u)** *Gaming machine computerized key security systems.* (1) Computerized key security systems which restrict access to the gaming machine drop and count keys through the use of passwords, keys or other means, other than a key custodian, must provide the same degree of control as indicated in the aforementioned key control standards; refer to paragraphs ~~(h)~~ **(m)**, ~~(o)~~ **(p)**, ~~(q)~~ **(r)** and ~~(s)~~ **(t)** of this section. This standard does not apply to the system administrator. The system administrator is defined in paragraph ~~(t)~~ **(u)** (2) (i) of this section.

(2) For computerized key security systems, the following additional gaming machine key control procedures apply:

(i) Management personnel independent of the gaming machine department assign and control user access to keys in the computerized key security system (i.e., system administrator) to ensure that gaming machine drop and count keys are restricted to authorized employees.

(ii) In the event of an emergency or the key box is inoperable, access to the emergency manual key(s) (a.k.a. override key), used to access the box containing the gaming machine drop and count keys, requires the physical involvement of at least three persons from separate departments, including management. The date, time, and reason for access,

must be documented with the signatures of all participating employees signing out/in the emergency manual key(s).

(iii) The custody of the keys issued pursuant to paragraph ~~(t)~~ **(u)** (2) (ii) of this section requires the presence of two persons from separate departments from the time of their issuance until the time of their return.

(iv) Routine physical maintenance that requires accessing the emergency manual key(s) (override key) and does not involve the accessing of the gaming machine drop and count keys only requires the presence of two persons from separate departments. The date, time and reason for access must be documented with the signatures of all participating employees signing out/in the emergency manual key(s).

Standards (u) (3)-(4)) have been moved to proposed 542.XX Revenue Audit section.

~~(3) For computerized key security systems controlling access to gaming machine drop and count keys, accounting/audit personnel, independent of the system administrator, will shall perform the following procedures:~~

~~(i) Daily, review the report generated by the computerized key security system indicating the transactions performed by the individual(s) that adds, deletes, and changes user's access within the system (i.e., system administrator). Determine whether the transactions completed by the system administrator provide an adequate control over the access to the gaming machine drop and count keys. Also, determine whether any gaming machine drop and count key(s) removed or returned to the key cabinet by the system administrator was properly authorized.~~

~~(ii) For at least one day each month, review the report generated by the computerized key security system indicating all transactions performed to~~

~~determine whether any unusual gaming machine drop and count key removals or key returns occurred.~~

~~(iii) At least quarterly, review a sample of users that are assigned access to the gaming machine drop and count keys to determine that their access to the assigned keys is adequate relative to their job position.~~

~~(iv) All noted improper transactions or unusual occurrences are shall be investigated with the results documented.~~

~~(4) At least quarterly, an inventory of all count room, bill acceptor canister release, storage rack and contents keys is performed, and reconciled to records of keys made, issued, and destroyed. Investigations are performed for all keys unaccounted for, with the investigation being documented.~~

~~Comment (December): Add override and panel keys for automated key custody systems to the list of keys to be included in the inventory.~~

~~Response: Agree~~

~~Revision as a result of December comment:~~

~~(4) At least quarterly, an inventory of all count room, bill acceptor canister release, storage rack, and contents keys and override and panel keys is performed, and reconciled to records of keys made, issued, and destroyed. Investigations are performed for all keys unaccounted for, with the investigation being documented.~~

~~Note: On review it was determined that slot machine door keys and slot fill cabinet keys were omitted from the listing of keys to be inventoried on a quarterly basis.~~

~~Revision incorporating note:~~

~~(4) At least quarterly, an inventory of all count room, bill acceptor canister release, storage rack, slot fill cabinet, and slot machine door and override and panel keys, is~~

~~shall be performed, and reconciled to records of keys made, issued, and destroyed.~~

~~Investigations are shall be performed for all keys unaccounted for, with the investigation being documented.~~

~~(u)~~ (v) *Table games computerized key security systems.* (1) Computerized key security systems which restrict access to the table game drop and count keys through the use of passwords, keys or other means, other than a key custodian, must provide the same degree of control as indicated in the aforementioned key control standards; refer to paragraphs ~~(m)~~ (n), ~~(n)~~ (o), ~~(p)~~ (q) and ~~(r)~~ (s) of this section. Note: This standard does not apply to the system administrator. The system administrator is defined in paragraph ~~(u)~~ (v) (2) (i) of this section.

(2) For computerized key security systems, the following additional table game key control procedures apply:

- (i) Management personnel independent of the table game department assign and control user access to keys in the computerized key security system (i.e., system administrator) to ensure that table game drop and count keys are restricted to authorized employees.
- (ii) In the event of an emergency or the key box is inoperable, access to the emergency manual key(s) (a.k.a. override key), used to access the box containing the table game drop and count keys, requires the physical involvement of at least three persons from separate departments, including management. The date, time, and reason for access, must be documented with the signatures of all participating employees signing out/in the emergency manual key(s).

(iii) The custody of the keys issued pursuant to paragraph ~~(u)~~ **(v)** (2) (ii) of this section requires the presence of two persons from separate departments from the time of their issuance until the time of their return.

(iv) Routine physical maintenance that requires accessing the emergency manual key(s) (override key) and does not involve the accessing of the table games drop and count keys, only requires the presence of two persons from separate departments. The date, time and reason for access must be documented with the signatures of all participating employees signing out/in the emergency manual key(s).

Standards (v) (3)-(4)) have been moved to proposed 542.XX Revenue Audit section.

~~(3) For computerized key security systems controlling access to table games drop and count keys, accounting/audit personnel, independent of the system administrator, will perform the following procedures:~~

~~(i) Daily, review the report generated by the computerized key security system indicating the transactions performed by the individual(s) that adds, deletes, and changes user's access within the system (i.e., system administrator). Determine whether the transactions completed by the system administrator provide an adequate control over the access to the table games drop and count keys. Also, determine whether any table games drop and count key(s) removed or returned to the key cabinet by the system administrator was properly authorized.~~

~~(ii) For at least one day each month, review the report generated by the computerized key security system indicating all transactions performed to determine whether any unusual table games drop and count key removals or key returns occurred.~~

~~(iii) At least quarterly, review a sample of users that are assigned access to the table games drop and count keys to determine that their access to the assigned keys is adequate relative to their job position.~~

~~(iv) All noted improper transactions or unusual occurrences are shall be investigated with the results documented.~~

~~(4) Quarterly, an inventory of all count room, table game drop box release, storage rack and contents keys is shall be performed, and reconciled to records of keys made, issued, and destroyed. Investigations are shall be performed for all keys unaccounted for, with the investigations being documented.~~

~~Comment (December): Add override and panel keys for automated key custody systems to the list of keys to be included in the inventory.~~

Response: Agree

Revised proposal based on December comment:

~~(6) Quarterly, an inventory of all count room, table game drop box release, storage rack, and contents keys and override and panel keys is shall be performed, and reconciled to records of keys made, issued, and destroyed. Investigations are shall be performed for all keys unaccounted for, with the investigation being documented.~~

~~(v)(w) Emergency drop procedures.~~ Emergency drop procedures shall be developed by the Tribal gaming regulatory authority, or the gaming operation as approved by the Tribal gaming regulatory authority.

~~(w) (x) Equipment standards for gaming machine count.~~

(1) A weigh scale calibration module shall be secured so as to prevent unauthorized access (e.g., prenumbered seal, lock and key, etc.).

(2) A person independent of the cage, vault, gaming machine, and count team functions shall be required to be present whenever the calibration module is accessed. Such access shall be documented and maintained.

(3) If a weigh scale interface is used, it shall be adequately restricted so as to prevent unauthorized access (passwords, keys, etc.).

(4) If the weigh scale has a zero adjustment mechanism, it shall be physically limited to minor adjustments (e.g., weight of a bucket) or physically situated such that any unnecessary adjustments to it during the weigh process would be observed by other count team members.

Standard (x) (5) has been moved to proposed 542.XX Revenue Audit section.

~~**(2) Unannounced weigh scale and weigh scale interface (if applicable) tests shall be performed** The weigh scale and weigh scale interface (if applicable) shall be tested by a person or persons independent of the cage, vault, and gaming machine departments and count team at least quarterly with the test results being documented and maintained. At least annually, this test shall be performed by internal audit in accordance with the internal audit standards. This test may be performed by internal audit. The result of these tests shall be documented and signed by the person or persons performing the test.~~

~~**Justification:** The recommended addition is to provide much needed controls governing the unannounced testing of the coin weigh scale and weigh scale interface due to the possible manipulation of the scales and allow for performance of the testing by internal audit personnel.~~

~~**Written Comment (March): We recommend the following language be used in place of (x) (5): “(a) Unannounced weigh scale and weigh scale interface testing, on a quarterly basis by personnel independent of the cage, vault, count team and gaming machine departments to test the calibration of the**~~

~~weigh scale and weigh scale interface; (b) Documentation of test results on basis with the test results being documented and maintained.”~~

~~Response: The Committee reviewed the proposed revision and had no comment. Furthermore, proposed language is lacking in the following respects: not all gaming operations have a weigh scale interface, weigh scale interfaces are not calibrated and (b) is unclear i.e. what does “on basis” mean?~~

~~Comment (May): Recommend adding that that test may be performed by the Tribal gaming regulatory authority~~

~~———— Response: Agree. Modified accordingly.~~

~~Revised proposal as a result of May comment:~~

~~(2) Unannounced weigh scale and weigh scale interface (if applicable) tests shall be performed The weigh scale and weigh scale interface (if applicable) shall be tested by a person or persons independent of the cage, vault, and gaming machine departments and count team at least quarterly with the test results being documented and maintained. At least annually, this test shall be performed by internal audit in accordance with the internal audit standards. This test may be performed by internal audit or the Tribal gaming regulatory authority. The result of these tests shall be documented and signed by the person or persons performing the test.~~

~~Justification: The recommended addition is to provide much needed controls governing the unannounced testing of the coin weigh scale and weigh scale interface due to the possible manipulation of the scales.~~

~~(5)-(6) Immediately prior to the gaming machine count, at least two employees shall verify the accuracy of the weigh scale with varying weights or with varying amounts of previously counted coin for each denomination to ensure the scale is properly calibrated (varying weights/coin from drop to drop is acceptable).~~

Justification: The recommended addition is to provide clarification of when the count team verifies the accuracy of the weigh scale.

~~(6)-(7)~~ If a mechanical coin counter is used (instead of a weigh scale), 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 are equivalent to those described in paragraphs ~~(u)~~ **542.41 (x)** (4), ~~(u)~~ **542.41 (x)** (5), and ~~(u)-(6)~~ **542.XX (i) (4) of this section.**

Justification: The MICS references were incorrect as the valid reference section should have been (w) and not (u). Also, with the addition of the new a new section (l), all subsequent sections are renumbered accordingly.

~~(7)-(8)~~ If a coin meter count machine is used, the count team member shall record the machine number, denomination and number of coins in ink on a source document, unless the meter machine automatically records such information.

(i) A count team member shall test the coin meter count machine before the actual count to ascertain if the metering device is functioning properly with a predetermined number of coins for each denomination.

(ii) [Reserved]