



Mille Lacs Band of Ojibwe Indians

Gaming Regulatory Authority

Detailed Gaming Regulations

DGR- 23 Internal Audit

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1. Internal Audit Personnel

- 1.1. The Internal Audit Department shall conduct the requisite Detailed Gaming Regulation audits and facilitate the yearly external audits.
- 1.2. Nothing in this regulation shall be construed to prohibit Gaming Operation/Gaming Enterprise management from conducting internal audits for management (non-regulatory) purposes.
- 1.3. Internal Audit personnel may provide audit coverage for more than one operation within the Band's Gaming Enterprise holdings.
- 1.4. The Internal Audit Department shall maintain independence from gaming operations by reporting to the GRA in accordance with the definition of internal audit found in 25 C.F.R. § 543.23.
 - 1.4.1. Internal auditors shall maintain an impartial, unbiased attitude and avoid any conflicts of interest.
 - 1.4.2. Internal Audit activities shall be conducted in a manner that permits objective evaluation of areas examined.
 - 1.4.3. If independence or objectivity is impaired in fact or appearance, the details of the impairment shall be disclosed to GRA.

2. Audit Scope

- 2.1. Internal Auditor(s) shall perform audits of each Department of a gaming operation, as applicable, at least annually, to review compliance with Federal regulations, Tribal-State Compacts, Mille Lacs Band Detailed Gaming Regulations and internal control standards:
 - 2.1.1. Bingo, including supervision, bingo cards, bingo card sales, draw, prize payout, cash controls, technologic aids to the play of bingo, operations and revenue audit procedures.
 - 2.1.2. Pull tabs, including supervision, pull tab inventory, pull tab sales, accountability of sales versus inventory, winning pull tabs, pull tab operating funds, statistical records and revenue audit procedures.
 - 2.1.3. Card games, including supervision, card games operation, exchange or transfers, playing cards, reconciliation of card room bank, posted rules and promotional progressive pots and pools.
 - 2.1.4. Table games, including supervision, playing cards, table games operation, fill and credit procedures, pit credit play procedures, the tracing of source documents to summarized documentation and accounting records, and reconciliation to restricted copies.
 - 2.1.5. Video Games of Chance (VGC), including but not limited to, jackpot payout, VGC drop cabinet access, tracing of source documents to summarized documentation and accounting records, reconciliation to restricted copies, location and control over sensitive keys, compliance with EPROM duplication procedures, and compliance with MICS procedures for VGCs that accept currency or coin(s) and issue cash-out tickets or VGCs that do not accept currency or coin(s) and do not return currency or coin(s).
 - 2.1.6. Drop and count, including supervision, count room access, count team, table/card game drop standards, VGC drop standards, kiosk drop standards, table/card count standards, VGC count standards, , kiosk count standards, reconciliation and transfer of funds standards.
 - 2.1.7. Cage and credit procedures, including supervision, cash and cash equivalents, personal checks, cashier's checks, traveler's checks, and payroll checks, cage and

vault accountability, kiosks, promotional payouts, drawings and giveaway programs, chip and token standards, and cage and vault access.

- 2.1.8. Patron deposit accounts and cashless systems procedures, including supervision, patron deposit accounts and cashless systems, as well as patron deposits, withdrawals and adjustments.
- 2.1.9. Information technology functions, including supervision, independence, physical security, logical security, user controls, installations and/or modifications, remote access, incident monitoring and reporting, and data back-ups.
- 2.1.10. Accounting standards, including accounting records, maintenance and preservation of financial records and relevant supporting documentation.
- 2.1.11. Complimentary services or items, including procedures whereby complimentary service items are issued, authorized and redeemed.
- 2.1.12. Gaming promotions and player tracking procedures, including supervision, gaming promotion rules and player tracking systems.
- 2.1.13. Marketing, including but not limited to, coupon control, promotional cash or cash equivalent controls, and promotional systems security requirements.
- 2.1.14. Bank Secrecy Act (Title 31) compliance, including but not limited to, currency transaction reports and multiple transaction logs, cash transactions, suspicious activity reporting and training.
- 2.1.15. Surveillance, including staffing, equipment, retention of footage, and required camera coverage.
- 2.1.16. Security of sensitive and restricted keys and locks, including access.
- 2.1.17. Any other internal audits as required by the GRA Board, the Band Assembly or Chief Executive.

3. Follow-Up Observations

- 3.1. Follow-up observations and examinations shall be performed by GRA personnel to verify that corrective action has been taken regarding all instances of noncompliance cited by the following:
 - 3.1.1. Internal Audit,
 - 3.1.2. External Audit testing or audits performed by external regulators.
 - 3.1.3. The Executive Director of the OGR&C or the GRA Board.
- 3.2. The verification must be performed within six (6) months following the date of notification.

4. Other Audit Issues

- 4.1. Whenever possible, Internal Audit observations shall be performed on an unannounced basis (i.e., without the employees being forewarned that their activities will be observed).
- 4.2. If the independent accountant also performs the internal audit function, the accountant shall perform separate observations of the table games/VGC drops and counts to satisfy the internal audit observation requirements and independent accountant tests of controls as required by the American Institute of Certified Public Accountants guide.

5. Documentation and Reporting

- 5.1. Documentation (e.g., checklists, programs, reports, etc.) shall be prepared to evidence all internal audit work performed as it relates to the requirements in this section, including all instances of noncompliance.
 - 5.1.1. The Internal Audit Department shall operate with audit programs, which, at a minimum, address the Detailed Gaming Regulations, the MICS and the Tribal-State Compacts (if applicable).
 - 5.1.2. The department shall properly document the work performed, the conclusions reached, and the resolution of all exceptions.
- 5.2. Reports documenting audits performed shall be maintained and made available to Gaming Operation management and the GRA Board upon completion. Such audit reports shall include the following information:
 - 5.2.1. Audit objectives
 - 5.2.2. Audit procedures and scope
 - 5.2.3. Findings and conclusions
 - 5.2.4. Recommendations (if applicable)
 - 5.2.5. Management's response(s)
- 5.3. All material exceptions resulting from Internal Audit work shall be investigated and resolved with the results of such documented and retained for a minimum of five (5) years.
- 5.4. Internal Audit findings shall be reported to management.
 - 5.4.1. Management shall respond to Internal Audit findings, explaining corrective measures to be taken to avoid recurrence of the audit exception.
 - 5.4.2. Such management responses shall be included in the Internal Audit report that will be delivered to management and the GRA Board, and upon request, to the Band Assembly and Chief Executive.

History.

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Prior versions of this Detailed Gaming Regulation are available upon request from the Gaming Regulatory Authority.