



*Mille Lacs Band of Ojibwe Indians*  
*Gaming Regulatory Authority*  
*Detailed Gaming Regulations*

**Internal Audit**

**Document No. DGR – 20**

**Effective: December 17, 2013**

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- I. INTERNAL AUDIT PERSONNEL.** The Band shall maintain an independent Internal Audit Department within the Gaming Regulatory Authority whose primary function shall be to perform internal audit work.
- Section 1.** Internal Audit personnel shall report directly to the GRA Internal Audit Director and the GRA Board, and upon request, to the Band Assembly and Chief Executive, or another entity officially designated by the Band in accordance with the definition of internal audit found in 25 C.F.R. § 542.2.
- Section 2.** The Internal Audit Department shall conduct the requisite Federal and Tribal MICS gaming audits and facilitate the yearly external audits. Nothing in this regulation shall be construed to prohibit Gaming Enterprise management from conducting internal audits for management (non regulatory) purposes.
- Section 3.** Internal Audit activities shall be conducted in a manner that permits objective evaluation of areas examined. Internal Audit personnel may provide audit coverage to more than one operation within the Band’s Gaming Enterprise holdings.
- II. AUDITS.** Internal Auditor(s) shall perform audits of each Department of a gaming operation, at least annually, to review compliance with Federal regulations, Tribal-State Compacts, Mille Lacs Band Detailed Gaming Regulations and internal control standards:
- Section 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;
- Section 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;
- Section 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;
- Section 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;
- Section 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);
- Section 6.** Drop and count, including supervision, count room access, count team, table/card game drop standards, VGC drop standards, table/card count standards, VGC count standards, reconciliation and transfer of funds standards;
- Section 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;



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- Section 8.** 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;
- Section 9.** Accounting standards, including accounting records, maintenance and preservation of financial records and relevant supporting documentation.
- Section 10.** Complimentary services or items, including procedures whereby complimentary service items are issued, authorized and redeemed;
- Section 11.** Marketing, including but not limited to, coupon control, promotional cash or cash equivalent controls, and promotional systems security requirements;
- Section 12.** Title 31-Bank Secrecy Act, including but not limited to, currency transaction reports and multiple transaction logs, cash transactions, multiple transaction control log, suspicious activity reporting and training;
- Section 13.** Any other internal audits as required by the GRA Board, the Band Assembly or Chief Executive.

**III. FOLLOW-UP OBSERVATIONS.** In addition to the observation and examinations performed under Part II, Internal Audit shall perform follow-up observations and examinations to verify that corrective action has been taken regarding all instances of noncompliance cited by Internal Audit, the independent accountant, the Director or the GRA Board. The verification must be performed within six (6) months following the date of notification.

**IV. OTHER AUDIT ISSUES.** 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). Additionally, 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.

**V. DOCUMENTATION.** Documentation (e.g., checklists, programs, reports, etc.) must be prepared to evidence all internal audit work performed as it relates to the requirements in this section, including all instances of noncompliance. 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). The department shall properly document the work performed, the conclusions reached, and the resolution of all exceptions. Internal Audit staff shall comply with Institute of Internal Auditors standards for all work performed.

**VI. REPORTS.** Reports documenting audits performed must be maintained and made available to the Director and the GRA Board upon completion. Such audit reports must include the following information:

- Section 1.** Audit objectives;
- Section 2.** Audit procedures and scope;
- Section 3.** Findings and conclusions;
- Section 4.** Recommendations (if applicable); and



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**Section 5.** Management’s response.

**VII. MATERIAL EXCEPTIONS.** All material exceptions resulting from Internal Audit work must be investigated and resolved with the results of such documented and retained for a minimum of five (5) years.

**VIII. ROLE OF GAMING ENTERPRISE MANAGEMENT.**

**Section 1.** Internal Audit findings must be reported to management.

**Section 2.** Management must respond to Internal Audit findings, fully explaining corrective measures to be taken to avoid recurrence of the audit exception.

**Section 3.** Such management responses shall be included in the Internal Audit report that will be delivered to management, the Director and GRA Board, or upon request, to the Band Assembly and Chief Executive.

**History.** Approved by the Gaming Regulatory Authority Board on August 23, 2007.

Changes to grammar and formatting where applicable. Change “shall” to “must” where applicable. Change “audit personnel” with “Auditor(s)” where applicable. Change “gaming machine” to “Video Games of Chance” or “VGC” where applicable. Part I: add “PERSONNEL” after INTERNAL AUDIT Part I: replace “a separate internal audit” with “an independent Internal Audit” after maintain; delete “and that is independent with respect to the departments subject to audit” after work Part I Section 1: add “Audit Director” after Internal Part I Section 2: replace “GRA Board’s internal audit” with “Internal Audit”; replace “not” with “non” before regulatory) Part II: replace “all major gaming areas” with “each department of a” after of; delete “The following shall be reviewed,” before at; add “to review compliance with Federal regulations, Tribal-State Compacts, Mille Lacs Band Detailed Gaming Regulations, and internal control standards:” after annually Part II Section 1: replace “but not limited to” with “supervision, bingo cards” after including; replace “control” with “sales, draw, prize payout, cash controls, technologic aids to the play of bingo, operations, and revenue audit” before procedures; delete “and cash reconciliation process” after procedures

Part II Section 2: replace “but not limited to, statistical records, winner verification, perpetual inventory and” with “supervision, pull tab inventory, pull tab sales” after including; add “winning pull tabs, pull tab operating funds, statistical records, and revenue audit procedures” after inventory, Part II: delete “D. Keno, including but not limited to, game write and payout procedures, sensitive key location and control, and a review of keno auditing procedures;” Part II: delete “E. Pari-mutual wagering, including write and payout procedures, and pari-mutual auditing procedures;” Part II add Section 3 Section 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; Part II Section 4: replace “but not limited to” with “supervision, playing cards, table games operation” after including; delete “rim credit procedures, soft drop/count procedures and the subsequent transfer of funds, unannounced testing of count room currency counters and/or currency interface, location and control over sensitive keys” after procedures, Part II Section 5: replace “Gaming machines, including but not limited to, jackpot payout and gaming machine fill procedures, gaming machine drop/count and bill acceptor drop/count and subsequent transfer of funds, unannounced testing of weigh scale



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and weigh scale interface, unannounced testing of count room currency counters and/or currency interface, gaming machine” with “Video Games of Chance (VGC), including but not limited to, jackpot payout, VGC” Part II: add Section 6: Section 6. Drop and count, including supervision, count room access, count team, table/card game drop standards, VGC drop standards, table/card count standards, VGC count standards, reconciliation and transfer of funds standards; Part II Section 7: replace “including all” with “including supervision, cash and cash equivalents, personal checks, cashier’s checks, traveler’s checks, and payroll checks,” after procedures; delete “credit, and collection procedures, and the reconciliation of trial balances to physical instruments on a sample basis. Cage” after cage; add “and vault” before accountability; replace “shall be reconciled to the general ledger” with “”, kiosks, promotional payouts, drawings and giveaway programs, chip and token standards, and cage and vault access;” after accountability Part II Section 8: replace “review for compliance with information technology standards;” with “standards supervision, independence, physical security, logical security, user controls, installations and/or modifications, remote access, incident monitoring and reporting, and data back-ups;” after including Part II: add Section 9: Section 9. Accounting standards, including accounting records, maintenance and preservation of financial records and relevant supporting documentation. Part II Section 10: delete “but not limited to,” after including; delete “and” after redeemed; Part II Section 13: removed “or” before the Band; replaced “and” with “or” before Chief Part III: replace “Section 3” with “Part II, Internal Audit shall perform” after under; delete “shall be performed” after examinations; Part VI: move “upon completion” after Director to after GRA Board; delete “to” after and