

§ 543.14 What are the minimum internal control standards for the cage, vault, cash and cash equivalents?

Comparison of July TGWG Submission to July 2010 Draft MICS

In 2010, the NIGC posted on its web-site draft Class II MICS. This document will compare the 2010 draft MICS to the TGWG MICS proposal.

Editing convention: The words in blue (underlined) and ~~red~~ (struck-through) are the additions and deletions made by the TGWG. Though sections 543.14(a) – (c) (Internal Control Procedures, Computerized applications, Variances) remain in the side-by-side comparison, the sections are not discussed in the comments section of this comparison. The provisions are identical to others discussed in earlier comparison documents.

July 2010 Draft MICS	TGWG Version
<p>§ 543.14 What are the minimum internal control standards for the cage?</p> <p>(a) <i>Computer applications.</i> 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 in writing by the Tribal gaming regulatory authority, will be acceptable.</p> <p>(b) <i>Personal checks, cashier's checks, traveler's checks, payroll checks, and counter checks.</i> (1) If personal checks, cashier's checks, traveler's checks, payroll checks or counter checks are cashed at the cage, the gaming operation shall establish and comply with appropriate controls that, at a minimum, provide for security and integrity. For each check cashing transaction, the minimum controls shall include the following:</p> <p>(i) Verify the patron's identity by examining an identification credential (e.g. driver's license) or other method to ensure the patron's identity. The identification credential information shall be documented on the check unless the information is maintained elsewhere. In such cases, record "Account on file" on the check as the verification source and results.</p> <p>(ii) Examine the check to ensure it includes the patron's name, current address, and signature;</p> <p>(iii) For personal checks, verify the patron's check cashing authority and record the source and results in accordance with management policy.</p> <p>(iv) If a check guarantee service is used to guarantee the transaction and the procedures required by the check guarantee service are followed, then the above requirements do not apply.</p> <p>(2) When counter checks are issued, the following shall be included on the check:</p>	<p>§ 543.14 What are the minimum internal control standards for the cage, vault, cash and cash equivalents?</p> <p>(a) <u>Computer Internal Control Procedures. Subject to the approval and oversight of the TGRA, each gaming operation shall establish, implement and adhere to internal control policies and procedures that provide at least the level of control established by the standards of this section.</u></p> <p>(b) <u>Computerized applications.</u> For any computer application applications utilized, alternate documentation and/or procedures that provide at least the level of control described <u>established</u> by the standards in <u>of</u> this section, as approved by the Tribal gaming regulatory authority <u>by the TGRA</u>, will be acceptable.</p> <p>(c) <u>Variances. The TGRA shall establish the threshold level at which a variance shall be reviewed. Any such review shall be documented.</u></p> <p>(d) <u>Supervision. Provide supervision for cage, vault, and other operations using cash or cash equivalents as needed by an agent(s) with authority equal to or greater than those being supervised.</u></p> <p>(e) <u>Cash and cash equivalent controls.</u></p> <p style="padding-left: 20px;">(1) <u>Cash and cash equivalents must be controlled in a manner designed to prevent unauthorized access, misappropriation, forgery, theft, or fraud. Such controls must include, but not be limited to, the following actions:</u></p> <p style="padding-left: 40px;">(i) <u>Counting;</u></p> <p style="padding-left: 40px;">(ii) <u>Recording increases and decreases to inventory;</u></p> <p style="padding-left: 40px;">(iii) <u>Inventory reconciliation;</u></p> <p style="padding-left: 40px;">(iv) <u>Issuance and redemption;</u></p> <p style="padding-left: 40px;">(v) <u>Transfers</u></p> <p style="padding-left: 40px;">(vi) <u>Inspecting, validating and verifying;</u></p> <p style="padding-left: 40px;">(vii) <u>Cancelations and voids;</u></p> <p style="padding-left: 40px;">(viii) <u>Authorization; and</u></p>

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<p>(i) The patron's name and signature;</p> <p>(ii) The dollar amount of the counter check (both alpha and numeric);</p> <p>(iii) Patron's bank name and bank routing and account numbers;</p> <p>(iv) Date of issuance; and</p> <p>(v) Signature of the person approving the counter check transaction.</p> <p>(3) Personal checks, payroll checks, and counter checks that are not deposited in the normal course of business as established by management (held checks) are subject to §543.15 Credit standards.</p> <p>(4) When traveler's checks or other guaranteed drafts such as cashier's checks are presented, the cashier shall comply with the examination and documentation procedures as required by the issuer.</p> <p>(c) <i>Patron deposited funds.</i> If a gaming operation permits a patron to deposit funds for safekeeping and/or front money purposes with the gaming operation at the cage, the following standards shall apply. These standards also apply when transfers are made from such deposit accounts to a wagering account resulting in the funds being transferred to a gaming area for wagering purposes.</p> <p>(1) The receipt or withdrawal of a patron deposit shall be evidenced by at least a completed two-part document with one copy given to the patron and one copy remaining in the cage.</p> <p>(2) Each of the two parts of the sequentially-numbered receipt shall contain the following information:</p> <p>(i) Same receipt number on each copy;</p> <p>(ii) Patron's name and signature;</p> <p>(iii) Date of receipt and withdrawal;</p> <p>(iv) Dollar amount of deposit/withdrawal (for foreign currency transactions include the US dollar equivalent, the name of the foreign country, and the amount of the foreign currency by denomination);</p> <p>(v) Nature of deposit/withdrawal (cash, check, chips); and</p> <p>(vi) Name and signature of individual who conducted the transaction.</p> <p>(3) The following procedures shall be established</p>	<p style="text-align: center;"><u>(ix) Document retention.</u></p> <p><u>(f) Check Cashing. Check cashing must be controlled in a manner designed to prevent unauthorized access, misappropriation, forgery, theft, or fraud. Such controls must include, but not be limited to, the following:</u></p> <p><u>(1) Acceptance of checks;</u></p> <p><u>(2) Deposit of checks (Checks not deposited in the normal course of business are subject to § 543.15 Lines of Credit standards).</u></p> <p><u>(3) Collecting and recording returned checks;</u></p> <p><u>(4) Re-deposit; and</u></p> <p><u>(5) Write-off authorization.</u></p> <p><u>(6) If a third party check cashing or guarantee service is used, the examination and documentation procedures required by the service provider shall apply unless otherwise provided by tribal law or regulation.</u></p> <p><u>(g) Cage and vault accountability-1) Increases and decreases to cage inventory shall be verified, supported by documentation, and recorded amounts at the end of each shift or session.</u> Unverified transfers of cash and/or cash equivalents are prohibited.</p> <p><u>(2) The cage and vault inventories (including coin rooms/vaults) shall be counted independently by at least two agents, attested to by signature, and recorded in ink or other permanent form at the end of each shift during which activity took place.</u></p> <p><i>§ 543.14 What are the minimum internal control standards for the cage?</i></p> <p><i>(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 in writing by the Tribal gaming regulatory authority, will be acceptable.</i></p> <p><i>(b) Personal checks, cashier's checks, traveler's checks, payroll checks, and counter checks. (1) If personal checks, cashier's checks, traveler's checks, payroll checks or counter checks are cashed at the cage, the gaming operation shall establish and comply with appropriate controls that, at a minimum, provide for security and integrity. For each check cashing transaction, the minimum</i></p>
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<p>and complied with for front money deposits:</p> <p>(i) Maintain a detailed record by patron name and date of all funds on deposit;</p> <p>(ii) Maintain a current balance of all patron deposits that are in the cage/vault inventory or accountability; and</p> <p>(iii) Reconcile this current balance with the deposits and withdrawals at least daily.</p> <p>(d) <i>Safe Deposit Boxes.</i> (1) The issuance and closure of a patron's safe deposit box in the gaming area shall be evidenced by a document that includes the following information:</p> <p>(i) Safe deposit box number;</p> <p>(ii) Date of issuance and closure;</p> <p>(iii) Patron's name and signature;</p> <p>(iv) Verify the patron's identity by examining an identification credential (e.g. driver's license) or other method to ensure the patron's identity. The identification credential information shall be documented unless the information is maintained elsewhere. In such cases, record "Account on file" as the verification source and results; and</p> <p>(v) Name and signature of cashier who issued or closed the safe deposit box.</p> <p>(2) Procedures shall be established to maintain a detailed record of all cage/vault safe deposit boxes and the current status of each box (e.g. issued, not issued).</p> <p>(3) It is recommended that the preceding procedures for maintaining accurate records on the issuance and closure of safe deposit boxes also be adhered to in non-gaming areas.</p> <p>(e) <i>Cage and vault accountability standards.</i> (1) All transactions that flow through the cage shall be summarized on a cage accountability form for each work shift of the cage and shall be supported by documentation.</p> <p>(2) Increases and decreases to the total cage inventory shall be supported by documentation. For any individual increase/decrease which exceeds \$100, documentation shall include the date and shift, the purpose of the increase/decrease, the person(s) completing the transaction, and the person or department receiving the cage funds (for decreases only).</p>	<p>controls shall include the following:</p> <p>(i) Verify the patron's identity by examining an identification credential (e.g. driver's license) or other method to ensure the patron's identity. The identification credential information shall be documented on the check unless the information is maintained elsewhere. In such cases, record "Account on file" on the check as the verification source and results.</p> <p>(ii) Examine the check to ensure it includes the patron's name, current address, and signature;</p> <p>(iii) For personal checks, verify the patron's check eashing authority and record the source and results in accordance with management policy.</p> <p>(iv) If a check guarantee service is used to guarantee the transaction and the procedures required by the check guarantee service are followed, then the above requirements do not apply.</p> <p>(2) When counter checks are issued, the following shall be included on the check:</p> <p>(i) The patron's name and signature;</p> <p>(ii) The dollar amount of the counter check (both alpha and numeric);</p> <p>(iii) Patron's bank name and bank routing and account numbers;</p> <p>(iv) Date of issuance; and</p> <p>(v) Signature of the person approving the counter check transaction.</p> <p>(3) Personal checks, payroll checks, and counter checks that are not deposited in the normal course of business as established by management (held checks) are subject to §543.15 Credit standards.</p> <p>(4) When traveler's checks or other guaranteed drafts such as cashier's checks are presented, the cashier shall comply with the examination and documentation procedures as required by the issuer.</p> <p>(e) Patron deposited funds. If a gaming operation permits a patron to deposit funds for safekeeping and/or front money purposes with the gaming operation at the cage, the following standards shall apply. These standards also apply when transfers are made from such deposit accounts to a wagering account resulting in the funds being transferred to a gaming area for wagering purposes.</p> <p>(1) The receipt or withdrawal of a patron deposit</p>
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<p>(3) The cage and vault (including coin room) inventories shall be counted by at least two individuals at the end of each work shift. These persons shall make individual counts for comparison for accuracy and maintenance of individual accountability. Such counts shall be recorded at the end of each shift during which activity took place. All discrepancies shall be noted and investigated.</p> <p>(4) The gaming operation shall establish and comply with a minimum bankroll formula to ensure the gaming operation maintains cash or cash equivalents (on hand and in the bank, if readily accessible) in an amount sufficient to satisfy obligations to the gaming operation's patrons as they are incurred. A suggested bankroll formula will be provided by the Commission upon request.</p> <p>(f) <i>Chip and token standards.</i> The gaming operation shall establish and comply with procedures for the receipt, inventory, storage, and destruction of gaming chips and tokens.</p> <p>(g) <i>Promotional Payments, Drawings, and Giveaway Programs.</i> At a minimum, the following procedures shall apply to any payment resulting from a promotional payment, drawing, or giveaway program (e.g. paycheck wheels) disbursed by the cage department or any other department. Such payments are associated with gaming activity or a promotional program to encourage patron participation in gaming activities. However, this section does not apply to programs that are addressed elsewhere in this Part.</p> <p>(1) The conditions for participating in promotional payments, including drawings and giveaway programs, shall be prominently displayed or available for patron review at the gaming operation.</p> <p>(2) Payments of \$100 or more shall be documented at the time of the payment. Documentation shall include the following:</p> <p>(i) Date and time.</p> <p>(ii) Dollar amount of payment or description of personal property (e.g. car).</p> <p>(iii) Reason for payment (e.g. name of promotion).</p> <p>(iv) Patron's name (drawings only).</p> <p>(v) Signature(s) of the following number of persons verifying, authorizing, and completing the</p>	<p>shall be evidenced by at least a completed two-part document with one copy given to the patron and one copy remaining in the cage.</p> <p>(2) Each of the two parts of the sequentially-numbered receipt shall contain the following information:</p> <p>(i) Same receipt number on each copy;</p> <p>(ii) Patron's name and signature;</p> <p>(iii) Date of receipt and withdrawal;</p> <p>(iv) Dollar amount of deposit/withdrawal (for foreign currency transactions include the US dollar equivalent, the name of the foreign country, and the amount of the foreign currency by denomination);</p> <p>(v) Nature of deposit/withdrawal (cash, check, chips); and</p> <p>(vi) Name and signature of individual who conducted the transaction.</p> <p>(3) The following procedures shall be established and complied with for front money deposits:</p> <p>(i) Maintain a detailed record by patron name and date of all funds on deposit;</p> <p>(ii) Maintain a current balance of all patron deposits that are in the cage/vault inventory or accountability; and</p> <p>(iii) Reconcile this current balance with the deposits and withdrawals at least daily.</p> <p>(d) Safe Deposit Boxes. (1) The issuance and closure of a patron's safe deposit box in the gaming area shall be evidenced by a document that includes the following information:</p> <p>(i) Safe deposit box number;</p> <p>(ii) Date of issuance and closure;</p> <p>(iii) Patron's name and signature;</p> <p>(iv) Verify the patron's identity by examining an identification credential (e.g. driver's license) or other method to ensure the patron's identity. The identification credential information shall be documented unless the information is maintained elsewhere. In such cases, record "Account on file" as the verification source and results; and</p> <p>(v) Name and signature of cashier who issued or closed the safe deposit box.</p> <p>(2) Procedures shall be established to maintain a</p>
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<p>promotional payment with the patron:</p> <p>(A) Two signatures for all payments of \$100 or more; or</p> <p>(B) For computerized systems that validate and print the dollar amount of the payment on a computer-generated form, only one signature is required on the payment form.</p> <p>(vi) The required documentation may be prepared by an individual who does not work in the cage department as long as the required signatures are those of the individuals completing the payment with the patron.</p> <p>(3) For payments that are less than \$100, documentation shall be produced to support the cage accountability. Such documentation may consist of a line item on a cage accountability document (e.g. "25 \$10 cash giveaway coupons = \$250).</p> <p><i>Proposed 543.14 (h) Accounting/auditing standards have been moved to proposed 543.50 Revenue Audit.</i></p> <p>(h) Accounting/auditing standards. (1) The cage accountability shall be reconciled to the general ledger at least monthly.</p> <p>(2) For one day each month, accounting/audit personnel shall trace the amount of cage deposits to the amounts indicated in the bank statements.</p> <p>(3) For two days each year, a count shall be performed of all funds in all gaming areas (i.e. cages, vaults and booths (including reserve areas), kiosks, cash out ticket redemption machines, and change machines. Do not include player interface hopper funds. Count all chips and tokens by denomination and type. Count individual straps, bags, and imprest banks on a sample basis. Trace all amounts counted to the amounts recorded on the corresponding accountability forms to ensure the proper amounts are recorded. Maintain documentation evidencing the amount counted for each area and the subsequent comparison to the corresponding accountability form. The count shall be completed within the same gaming day for all areas.</p> <p>(i) Counts shall be observed by an individual independent of the department being counted. It is permissible for the individual responsible for the funds to perform the actual count while being</p>	<p>detailed record of all cage/vault safe deposit boxes and the current status of each box (e.g. issued, not issued).</p> <p>(3) It is recommended that the preceding procedures for maintaining accurate records on the issuance and closure of safe deposit boxes also be adhered to in non-gaming areas.</p> <p>(e) Cage and vault accountability standards. (1) All transactions that flow through the cage shall be summarized on a cage accountability form for each work shift of the cage and shall be supported by documentation.</p> <p>(2) Increases and decreases to the total cage inventory shall be supported by documentation. For any individual increase/decrease which exceeds \$100, documentation shall include the date and shift, the purpose of the increase/decrease, the person(s) completing the transaction, and the person or department receiving the cage funds (for decreases only).</p> <p>(3) The cage and vault (including coin room) inventories shall be counted by at least two individuals at the end of each work shift. These persons shall make individual counts for comparison for accuracy and maintenance of individual accountability. Such counts shall be recorded at the end of each shift during which activity took place. All discrepancies shall be noted and investigated.</p> <p>(4) The gaming operation shall establish and comply with a minimum bankroll formula to ensure the gaming operation maintains cash or cash equivalents (on hand and in the bank, if readily accessible) in an amount sufficient to satisfy obligations to the gaming operation's patrons as they are incurred. A suggested bankroll formula will be provided by the Commission upon request. (g) Chip(s) and token(s). Controls must be established to ensure accountability of chip and token inventory. Such controls must include, but not be limited to, the following:</p> <p>(f) Chip and token standards. The gaming operation shall establish and comply with procedures for the receipt, inventory, storage, and destruction of gaming chips and tokens.</p> <p>(g) Promotional Payments, Drawings, and Giveaway Programs. At a minimum, the following procedures shall apply to any payment resulting from a promotional payment, drawing, or giveaway</p>
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<p>observed.</p> <p>(ii) Internal audit may perform and/or observe the two counts.</p> <p>(4) At least annually, select a sample of invoices for chips and tokens purchased and trace the dollar amount from the purchase invoice to the accountability document that indicates the increase to the chip or token inventory to ensure the proper dollar amount has been recorded.</p> <p>(5) For each business year end, create and maintain documentation evidencing the amount of the chip/token liability, the change in the liability from the previous year, and explanations for adjustments to the liability account including any adjustments for chip/token float.</p> <p>(6) For one day each month, accounting/audit personnel shall review a sample of returned checks to determine that the required information was recorded by cage personnel when the check was cashed.</p> <p>(7) Accounting/audit personnel shall review exception reports for all computerized cage systems (e.g., fill/credit systems) at least monthly for propriety of transactions and unusual occurrences. The review shall include, but is not limited to, voided authorizations. All noted improper transactions or unusual occurrences identified shall be investigated with the results documented.</p> <p>(8) Monthly, accounting/audit personnel shall review all promotional payments, drawings, and giveaway programs to verify proper accounting treatment and proper win/loss computation.</p> <p>(9) For all promotional payments, drawings, and giveaway programs the following documentation shall be maintained:</p> <p>(i) Copies of the information provided to the patrons describing the promotional payments, drawings, and giveaway programs (e.g., brochures, flyers);</p> <p>(ii) Effective dates; and</p> <p>(iii) Accounting treatment, including general ledger accounts, if applicable.</p> <p>(10) Monthly, accounting/audit personnel shall perform procedures to ensure that promotional payments, drawings, and giveaway programs are conducted in accordance with information</p>	<p>program (e.g. paycheck wheels) disbursed by the cage department or any other department. Such payments are associated with gaming activity or a promotional program to encourage patron participation in gaming activities. However, this section does not apply to programs that are addressed elsewhere in this Part.</p> <p>(1) The conditions for participating in promotional payments, including drawings and giveaway programs, shall be prominently displayed or available for patron review at the gaming operation.</p> <p>(2) Payments of \$100 or more shall be documented at the time of the payment. Documentation shall include the following:</p> <p>(i) Date and time.</p> <p>(ii) Dollar amount of payment or description of personal property (e.g. car).</p> <p>(iii) Reason for payment (e.g. name of promotion).</p> <p>(iv) Patron's name (drawings only).</p> <p>(v) Signature(s) of the following number of persons verifying, authorizing, and completing the promotional payment with the patron:</p> <p>(A) Two signatures for all payments of \$100 or more; or</p> <p>(B) For computerized systems that validate and print the dollar amount of the payment on a computer generated form, only one signature is required on the payment form.</p> <p>(vi) The required documentation may be prepared by an individual who does not work in the cage department as long as the required signatures are those of the individuals completing the payment with the patron.</p> <p>(3) For payments that are less than \$100, documentation shall be produced to support the cage accountability. Such documentation may consist of a line item on a cage accountability document (e.g. "25 \$10 cash giveaway coupons = \$250).</p> <p>(1) <u>Purchase;</u></p> <p>(2) <u>Receipt;</u></p> <p>(3) <u>Inventory;</u></p> <p>(4) <u>Storage; and</u></p> <p>(5) <u>Destruction.</u></p> <p>(h) Cage and vault access. Controls must be</p>
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<p>provided to the patrons.</p> <p>(11) Daily, accounting/audit personnel shall reconcile all parts of forms used to document increases/decreases to the total cage inventory, investigate any variances noted, and document the results of such investigations.</p> <p>(12) All cage auditing procedures and any follow-up performed shall be documented, maintained for inspection, and provided to the Tribal gaming regulatory authority upon request.</p> <p>(h) (i) Extraneous items. The gaming operation shall establish and comply with procedures to address the transporting of extraneous items, which may include but is not limited to, coats, purses, and/or boxes, into and out of the cage, coin room, count room, vault, or other secure area.</p>	<p><u>established in a manner designed to prevent unauthorized access, misappropriation, forgery or fraud. Such controls must include, but not be limited to, the following:</u></p> <p><u>(1) Physical access to the cage to cage department agents, designated staff, and other persons authorized; and</u></p> <p>(h) Extraneous items. <u>The gaming operation shall establish and comply with procedures to address the transporting of extraneous items, which may include but is not limited to, coats, purses, and/or boxes.</u></p> <p><u>(2) Transportation of extraneous items (e.g., personal belongings, tool boxes, beverage containers, etc.) into and out of the cage, coin room, count room, vault, or other secure area.</u></p>
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NIGC Comments and Questions regarding TGWG Proposal (Questions in blue).

Personal Checks & Traveler's Checks

Effect of 2010 Draft Regulation: Controls are provided for identification, examination, verification and deposit of personal checks, payroll checks, counter checks and traveler's checks.

Effect of TGWG Proposal: The TGWG proposed regulation does not appear to be consistent with 543.14(b) and reduces the guidance and specificity provided by the current provision. **Have the TAC members seen abuse of the check deposit system? Does further minimizing these controls create a higher risk?**

Patron Deposited Funds

Effect of 2010 Draft Regulation: This sub-section provides controls for gaming operations that allow patrons to deposit funds at the casino cage. These standards apply to funds deposited for safekeeping and for wagering activities, including transfers to wagering accounts.

Effect of TGWG Proposal: **Does § 543.14(c) of the Draft Regulation accurately reflect current industry practices? If so, what is the purpose of deleting it entirely?**

Cage and Vault Accountability Standards

Effect of 2010 Draft Regulation: The current provision reflects revisions determined by the several members of the former MICS Advisory Committee to be basic and fundamental minimum standards for cage and vault accountability.

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Effect of TGWG Proposal: The proposed TGWG amendment deletes the current provision requiring that all transactions that flow through the cage be summarized on a cage accountability form. The cage accountability form provides an audit trail of the transactions flowing through the cage/vault areas. Just as important is the use of the transactions identified on this form, e.g. slot soft count, table games soft count, jackpots paid, cash-out tickets redeemed, bank deposits, and numerous other unique transactions, which form the source of the journal entries to the accounting records of the gaming operation. The proposed TGWG amendment also strikes the minimum bankroll requirement from the cage section. The establishment of a minimum bankroll requirement provides safeguards for both the patrons and Tribal owners of gaming operations in establishing a base level of currency that should be available to pay jackpots, redeem cash-out tickets, and pay other normal liabilities of the gaming facilities.

Chip and Token Standards

Effect of 2010 Draft Regulation: The current provision provides requirements basic to accountability for gaming chips and tokens.

Effect of TGWG Proposal: The proposed TGWG amendment appears consistent with those basic requirements.

Promotional Payments, Drawings, and Giveaway Programs

Effect of 2010 Draft Regulation: the draft regulation provides a much needed framework for establishing internal controls for promotional activities associated with the casino cage.

Effect of TGWG Proposal: The proposed TGWG amendment deletes the proposed provision, resulting in the absence of guidance to tribal gaming operations in establishing effective controls over promotional activities. The control environment resulting from the establishment of the NIGC MICS many years ago has played a large part in the efforts of tribal gaming operations to fight theft and abuse associated with gaming activities. Recent evidence demonstrates that promotional activities are a favorite target for abuse and require enhanced awareness and control procedures to minimize these potential losses.

Extraneous Items

Effect of 2010 Draft Regulation: Current provision reflects no substantive change from current approved MICS.

Effect of TGWG Proposal: No significant change is reflected by TGWG amendment.

Cash and Cash Equivalent Controls.

Effect of 2010 Draft Regulation: No provision in proposed MICS for TGWG revised standards.

Effect of TGWG Proposal: TGWG amendment provides a comprehensive list of cage and vault transactions that are generally performed in gaming operations of varying sizes.

TGWG Guidance

(e) Cash and Cash Equivalent Controls. This section will cover controls for both 543.14(d) "Cash and cash equivalent controls" and 543.14(f) "Cage and vault accountability." Cash and cash equivalents

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must be controlled in a manner designed to prevent unauthorized access, misappropriation, forgery or fraud. Such controls must include, but not be limited to, the following actions:

(1) Counting.

(i) The cage, vault and satellite windows (including coin room) inventories must be counted by both incoming and outgoing agents.

(ii) To maintain individual accountability, each agent must perform independent counts and record such counts on an inventory document in ink or other permanent form to verify accuracy. Such counts should also be attested to by signature of each agent. These counts should be recorded at the start and end of each shift during which activity took place.

(iii) Cage and vault inventories may include but not be limited to the following:

(A) Loose, strapped and bundled currency, including mutilated and foreign currency;

(B) Loose, rolled and bagged coin;

(C) Personal checks, cash advances, casino checks, funds on deposit and safekeeping;

(D) Chips and tokens;

(E) All banks, such as cage banks, main bank floats, kiosk banks and kiosk fills.

NIGC Comment to TGWG Guidance

Guidance appears relevant.

TGWG Guidance

(f) Recording Increases and Decreases to Cage/Vault Inventory.

(1) All increases and decreases to inventory must be documented and summarized on a cage accountability document that includes but is not limited to:

(i) Date;

(ii) Shift;

(iii) Starting and ending inventory values;

(iv) Summary of like transactions recording the values in and out separately; and

(v) Variances.

(2) Best practice suggests that this be completed on a per shift basis with supporting documentation.

NIGC Question

What does “like transactions” mean? Is a “like transaction the same thing as an “even exchange?” Does recording “like transactions” or “even exchanges” serve any purpose to the gaming facility?

TGWG Guidance

(g) Inventory Reconciliation. Inventory reconciliations must be performed at the completion of each agent’s shift. All variances must be noted and investigated. Best practice suggests that an agent independent of the agent responsible for the bank and preferably a supervisory agent perform the investigation.

NIGC Comment to TGWG Guidance

Guidance regarding investigations is not consistent with industry practices, which usually begin with a variance investigation performed by the Cage/Vault shift manager who is most knowledgeable of cage/vault transactions and generally better able to determine the cause of the variance and correct it. Should this result not occur, then independent management review is the next step. Timeliness of the variance investigation, which is extremely important, is also absent from the guidance provided above.

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TGWG Guidance

(h) Issuance and Redemption. Controls should be established that detail issuance and redemption procedures and should include the appropriate Title 31 logging and reporting requirements. Such controls should include procedures for but not limited to the following:

- (1) Voucher redemptions;
- (2) Check cashing;
- (3) Chip or token exchanges;
- (4) Player tracking accounts that offer redeemable cash and/or cash equivalents;
- (5) Patron deposit accounts, deposits and withdrawals;
- (6) Fills and credits;
- (7) Bank issuance to other departments;
- (8) Bank deposits;
- (9) Cash received from the bank;
- (10) Coupon redemptions;
- (11) Manual payouts;
- (12) Markers issued and payments;
- (13) Sales recordation; and
- (14) Other issuance or redemptions as required.

(15) Best practice suggests that patrons redeem cash equivalents for cash at change booths, cages or other manned locations when patron identification is required. Alternatively, if a gaming operation utilizes a self-serve redemption kiosk(s), use of secured method of access is an acceptable method for verifying patron identification. Thresholds should be established for the maximum dollar amount of vouchers, coupons and patron account balances that can be redeemed in accordance with applicable IRS regulations or other thresholds established by the gaming operation or the TGRA.

(16) Best practice suggests that when redemption systems are temporarily unavailable, agents may redeem the instrument after recording the following:

- (i) Unique identifier number;
- (ii) Date and time;
- (iii) Dollar amount;
- (iv) Issuing device number; and
- (v) Marking ticket paid.

(17) These instruments must remain in cage accountability for reconciliation purposes.

NIGC Question

[How quickly should validation of a cash-out ticket occur when the system becomes operable? Should the Guidance or regulation provide this information?](#)

TGWG Guidance

(i) Transfers. A transfer is any issuance, return, or other transfer of cash and/or cash equivalents, including all banks and cash drawers that include cash or cash equivalents. Controls should be designed in a manner to prevent unauthorized access, misappropriation, forgery, theft or fraud for all transfers, including from count room to cage/vault. Such controls must include, but not be limited to, the following:

- (1) Unverified transfers of cash and/or cash equivalents are prohibited;
- (2) Each transfer is counted and documented independently by each agent participating in the transfer including:
 - (i) Date;
 - (ii) Time;
 - (iii) Shift;

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- (iv) Location (e.g., table number, bank number, booth, among others);
 - (v) Amount;
 - (vi) Signature of agent issuing/returning funds; and
 - (vii) Signature of agent obtaining the funds.
- (3) Agents certify by signature the accuracy of the transfer;
- (4) All inventories/banks assigned to individual cage or vault agents are counted by the oncoming (or the agent to which accountability is transferred) and outgoing cage or vault agents; and
- (5) Any variances are documented and investigated.

NIGC Comment to TGWG Guidance

Guidance appears relevant.

TGWG Guidance

(j) Floating Bank Increases/Decreases. For any floating bank inventory (i.e., imprest), increases and decreases to inventory must be properly documented on multi-part forms. One part of the form should remain with the agent initiating the transaction, one part should remain with the agent issuing the funds, and if applicable, one part of the form should go with the agent delivering the funds (i.e., runner) and be returned with the signature of the agent who receives the funds. All copies are forwarded to accounting.

- (1) General. The multi-part form should include:
- (i) Date;
 - (ii) Time;
 - (iii) Shift;
 - (iv) Location;
 - (v) Amount (by denomination) being exchanged;
 - (vi) Signature of the agent releasing the funds;
 - (vii) Signature of the agent transferring the funds (runner); and
 - (viii) Signature of the agent exchanging the funds.

NIGC Comment/Question to TGWG Guidance

An imprest bank is, by definition, NOT a floating bank. Does, “All copies are forwarded to accounting” provide sufficient clarity to TGWGs creating MICS?

TGWG Guidance

(2) Card Games. In addition to the general documentation described in the previous section, the following controls must be established:

- (i) Fill and credit transactions must be authorized by supervisory agents.
- (ii) Marker and Marker Payments. Marker and marker payments must be authorized by supervisory agents and documented on a multi-part form with the following information:
 - (A) Name of the patron;
 - (B) Patron account number;
 - (C) Table number (if issued/paid at the table);
 - (D) Amount issued/paid, including the nature of payment (i.e., cash, chips, check);
 - (E) Patron signature (on issuance);
 - (F) Authorizing agent signature; and
 - (G) Date and time.
- (iii) Upon re-payment, the original marker is returned to the patron and a copy is sent to accounting. If re-payment is made at the table, the copy should be placed in the drop box.

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NIGC Question

Is guidance regarding fill and credit transactions relevant card games such as poker as well as house or player-banked table games?

TGWG Guidance

(k) Exchanges.

(1) Even Exchanges. Even exchanges occur when a cash equivalent is exchanged for cash or vice versa, such as an exchange of chips for cash or cash for chips, for example. This can occur between a table and the card room bank, cage, or vault. All such transactions must be documented, and in the case of a card game, the exchange must be evidenced by the placement of a lammer on the card table.

(2) Best practice suggests even exchanges should be documented on a multi-part form. One part of the form should remain at the location where the funds were released until the exchange is complete. One part should accompany the funds during the exchange and be returned with the signature of the agent who exchanged the funds. All copies should be forwarded to accounting. The multi-part form should include:

- (i) Date;
- (ii) Time;
- (iii) Shift;
- (iv) Location;
- (v) Amount (by denomination) being exchanged;
- (vi) Signature of the agent releasing the funds;
- (vii) Signature of the agent transferring the funds (runner); and
- (viii) Signature of the agent exchanging the funds.

NIGC Question

What is the meaning of the word “releasing” in this context?

TGWG Guidance

(l) Inspecting, Validating, and Verifying. Best practice suggests that controls be established in a manner to detect forged or altered instruments and counterfeit currency. Such procedures should require an examination of cash and cash equivalents to determine authenticity and should include but not be limited to the following:

- (1) Vouchers;
- (2) Check cashing;
- (3) Chip or token exchanges;
- (4) Patron deposit accounts, deposits and withdrawals;
- (5) Coupon redemptions; and
- (6) Other issuance or redemptions as required.

NIGC Comment/Question to TGWG Guidance

The list of examples includes “check cashing,” which is a transaction, rather than “checks,” which is a cash equivalent. [Should this be modified or changed?](#)

TGWG Guidance

(m) Cancellations and Voids. Cancellations like voids invalidate a transaction or instrument and

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do not include cancellation of redeemed or paid instruments. Controls should be established for cancellations and voids that include but are not limited to:

- (1) Authorization;
- (2) Recording on system or manual logs;
- (3) Void the physical instrument, including the following:
 - (i) Mark an indication of void across the instrument's face (e.g., stamping "void" or cross-out);
 - (ii) Signatures of agent(s), two agents should be required if manually cancelled or voided;
 - (iii) Reason; and
 - (iv) Date and time.
- (4) Independent review of cancellations and/or voids.

NIGC Comment/Question to TGWG Guidance

Is the guidance directed toward industry norm for "voids?" Validated, redeemed, or paid documents are typically "cancelled" rather than "voided."

TGWG Guidance

(n) Authorization. Authorization thresholds must be established for all cash and cash equivalent transactions. Thresholds may be set for each agent, role or position. An example would be that a cashier must have a second authorization to process a chip exchange greater than \$3,000.00, but a supervisor might not.

NIGC Comment to TGWG Guidance

Guidance should be amended to include adequate detail.

TGWG Guidance

(o) Document Retention. Controls must be established to ensure that cage and vault documentation is properly secured until transferred to accounting. Best practice suggests that each cage and vault secure daily audit and accounting records, forms, and documents prior to audit. For example a cashier may place records in a locked box for next-day delivery to accounting for audit.

(1) Cage and vault records must be retained in accordance 543.19 (Audit and Accounting) and related guidance documents.

NIGC Comment/Question to TGWG Guidance

Does the TAC think it would be simpler to have all requirements for compliance for a given section in the particular section? A frequent complaint from gaming operators or regulators is that they prefer not to have to refer to other sections to determine how to comply with a given section.

TGWG Guidance

(p) Check Cashing. Check cashing must be controlled in a manner designed to prevent unauthorized access, misappropriation, forgery or fraud. Such controls must include, but not be limited to, the following:

- (1) Acceptance of checks. Controls should be established that include but are not limited to:
- (2) Amount limits and authorization thresholds;
- (3) Type of check (i.e., personal, business, payroll, third-party, counter, travelers etc.);
- (4) Information that must be printed and/or recorded includes:

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- (i) Patron name;
- (ii) Patron signature;
- (iii) Date check was cashed;
- (iv) Unique identifier (e.g., check number);
- (v) Patron's valid identification;
- (vi) Bank endorsement (e.g., deposit account stamp);
- (vii) Patron bank name, routing and account numbers; and
- (viii) Identity and/or signature of agent cashing the check.

(5) If checks are cashed utilizing a third-party guarantee or check cashing service, controls must be established to ensure that all procedures required by such service are adhered to unless otherwise provided by Tribal law or regulation.

NIGC Comment to TGWG Guidance

Guidance appears relevant.

TGWG Guidance

(q) Deposit of Checks. Controls must be established for the timely deposit of checks to minimize the risk of returned checks. Best practice suggests that checks be deposited daily. Checks not deposited in the normal course of business, such as checks excluded from regular deposits (i.e., check hold), are subject to §543.15 Lines of Credit minimum internal control standards.

NIGC Comment to TGWG Guidance

Guidance appears relevant and consistent with Credit practices.

TGWG Guidance

(r) Collecting and Recording Returned Checks. Controls must be established for the accounting, recording and collecting of returned checks. Such controls should include but are not limited to:

(1) Documentation of returned check that includes but not limited to:

- (i) Patron name;
- (ii) Date of check;
- (iii) Amount;
- (iv) Reason for return (e.g., insufficient funds, frozen account, hold);
- (v) Any fees associated with the return;
- (vi) Payment amounts;
- (vii) Dates of each transaction or event for that check; and
- (viii) Outstanding balance.

(2) Suspension of patron check cashing privileges until returned checks are settled;

(3) Payment procedures that include but are not limited to:

- (i) Segregation of duties to ensure that all payments are processed by an agent(s) independent of the agent(s) who processed the deposits;
- (ii) All payments are processed and recorded at an authorized location (i.e., cash payments made at the cage, payments received by mail posted by Accounting, among others);
- (iii) Payments are recorded and the amount verified against outstanding balance owed on the returned check; and
- (iv) Receipts are provided to the patron, which may include but not be limited to:
 - (A) Return of the original check;
 - (B) Receipts for any additional fees paid (i.e., bank and/or collection charges); and

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(C) Receipts for all partial payments.

(4) Reconciliation of records must be performed in accordance with §543.19 (What are the internal control standards for Audit and Accounting?) and related guidance documents.

NIGC Comment to TGWG Guidance

Guidance appears relevant.

TGWG Guidance

(s) Re-Deposits. If the gaming operation re-deposits returned checks, controls must be established for the re-deposit of those checks using the same controls described for collection and recording returned checks.

NIGC Comment to TGWG Guidance

Guidance appears relevant.

TGWG Guidance

(t) Write-Off Authorization. Controls must be established for write-offs that include but are not limited to:

- (1) Policies that detail when a returned check should be written off. Best practice suggests that all means of collection should be exhausted prior to write-off;
- (2) Write-off authorization limits and thresholds, which may be determined by agent, role or position;
- (3) Signatures of at least two agents, with at least one of them being a supervisory agent; and
- (4) Documentation, which includes reason for write-off.

NIGC Comment/Question to TGWG Guidance

Guidance is not in agreement with industry practices requiring upper level supervisory personnel independent of the Cage/Vault department, CFO or GM approve any write-off of bad checks. [Should this be clarified?](#)

[What does “agent, role, or position” mean?](#)

TGWG Guidance

(u) Check Cashing Services. If a third-party check cashing or guarantee service is used, the examination and documentation procedures required by the service provider shall apply unless otherwise provided by Tribal law or regulation.

NIGC Question

[Will using third party procedures in lieu of, or in addition to, controls required by \(h\)\(2\) lead to conflicts? If so, how will those conflicts be resolved?](#)

Also the use of the word “apply” does not necessarily require that the gaming operation comply with the procedures.

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TGWG Guidance

(v) Chip(s) and Token(s). Controls must be established to ensure accountability of chip and token inventory. Such controls must include, but not be limited to, the following requirements:

- (1) Authorization of purchases;
- (2) Proper receipt and recording of shipments;
- (3) Periodic inventory counts to reconcile against the purchases and to determine liability of circulated chips and tokens. Best practice suggests that this reconciliation is performed monthly and if the inventory amounts exceed purchases, an investigation should be performed, documented and results forwarded to management and/or the TGRA. Notably, an incidence of more inventory than purchases could indicate that chips or tokens have been counterfeited;
- (4) Secure storage of all chips and tokens;
- (5) Use of destruction methods such as shredding, melting or concrete encasement that at minimum physically change the chips or tokens to indicate they have been removed from circulation in order to prevent the re-circulation of these chips or tokens; and
- (6) Require that destruction of chips and tokens is authorized, documented and performed by at least two agents, preferably one of which is a supervisory agent. Best practice suggests that the destruction be performed under surveillance. All records of the destruction must be forwarded to accounting.

NIGC Comment to TGWG Guidance

Guidance in (3) relates to actual inventory being in excess of perpetual inventory amounts, not just “purchases,” which is normally defined as all life to date purchases. An unreasonable shortage of physical chips/tokens when compared to the perpetual inventory balances could indicate theft or inaccurate record-keeping, which should also be investigated promptly. Destruction of gaming chips or tokens should include employees from two separate departments and a TGRA observer.

TGWG Guidance

(w) Cage and Vault Access. Controls must be established and procedures implemented to limit physical access to the cage and vault. The controls shall also address the transportation of extraneous items (e.g., personal belongings, tool boxes, beverage containers, etc.) into or out of the cage and vault.

- (1) Access to the cage and vault areas must be limited to authorized agents. The controls should require the maintenance of a list that specifies the authorization levels and area(s) of access for each agent.
- (2) Access by others not on the list must be approved, at minimum, by management of the area being accessed and recorded.
- (3) Cage and vault areas must be secured with locks and keys, card swipes, biometrics or other methods of secure access.
- (4) Best practice suggests the transportation of extraneous items into or out of the cage and vault should be strictly controlled. Such controls should include, but not be limited to, the following:
 - (i) Personal belongings should be placed in lockers and not transported into the cage or vault;
 - (ii) All trash is placed in clear plastic bags and perused by agents prior to removal from the cage or vault and by security prior to being placed in outside trash cans, compactors, or removal from the facility;
 - (iii) If food or beverage is allowed in the cage, it must be in transparent containers; and
 - (iv) Agents clear their hands when entering or leaving the cage or vault. The same should be performed if the agent has to reach into any areas not clearly visible to surveillance (i.e., pockets, the floor, shelves, etc.).

NIGC Comment to TGWG Guidance

Guidance appears relevant industry practice although “perused” does not appear to be an accurate term.

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TGWG Guidance

- (x) Audit and Accounting.
 - (1) Controls must be established for audit and accounting in accordance with MICS 543.19 (What are the minimum internal control standards for audit and accounting?) and the guidance provided in the associated document.
 - (2) Best practice suggests that each operational area secure daily audit and accounting records, forms, and documents prior to audit. For example, a cashier may place records in a locked box for next-day delivery to accounting for audit.

NIGC Comment to TGWG Guidance

Guidance appears relevant.

