



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

Internal Audit

Document No. DGR – 20

Effective: February 26, 2019

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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.** The Internal Audit Department maintains independence from gaming operations by reporting to the Gaming Regulatory Authority in accordance with the definition of internal audit found in 25 C.F.R. § 543.23.
- Section 2.** The Internal Audit Department shall conduct the requisite Federal MICS and Detailed Gaming Regulations 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 gaming enterprise management 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(s).

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 and the GRA Board, and upon request, to the Band Assembly and Chief Executive.

History.

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

Changes approved by the Gaming Regulatory Authority Board on December 17, 2013. Effective Date: December 17, 2013.

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