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DEFINITIONS

1.1 Purpose

The purpose of these Tribal Internal Control Standards is to allow the Cherokee Nation Gaming Commission (CNGC) to ensure compliance with Federal standards for operational conduct of gaming activities on Indian land under the jurisdiction of the Cherokee Nation Tribal Government and the CNGC. The Tribal Internal Control Standards meet and/or exceed the Minimum Internal Control Standards imposed by the National Indian Gaming Commission (NIGC).

1.2 Definitions

The definitions in this section shall apply to all sections of this document unless otherwise noted. These definitions are in addition to terms used in Tribal-State compacts. In the event of a discrepancy between these definitions and those found in a Tribal-State Compact(s), the CNGC shall determine the applicability of the relevant definition.

Account access card – an instrument used to access customer accounts for wagering at a gaming machine. Account access cards are used in connection with a computerized account database. Account access cards are not “smart cards”.

Accountability – all items of cash, chips, coins, tokens, plaques, pull tabs, paper bingo packs, instruments, receivables, and customer deposits constituting the total amount for which the bankroll custodian is responsible at a given time.

Accumulated credit payout – credit(s) earned on a gaming machine that is paid to a customer manually in lieu of an automated machine payout (i.e. hand pay).

Actual hold percentage – the percentage calculated by dividing the win by the drop or cash-in. Can be calculated for individual tables or gaming machines, type of table games, or gaming machine on a per day or cumulative basis.

Ante – a player’s initial wager or predetermined contribution to the pot before the dealing of the first hand.

Automated payout – payment issued by a machine.

Base amount/seed amount – the amount of the progressive jackpot initially offered before it increases by game play.

Betting station – the area designated in a pari-mutuel area that accepts wagers and pays winning bets.

Betting ticket – a printed, serially numbered form used to record the event upon which a wager is made, the amount and date of the wager, and sometimes the line or spread (odds).

Bill acceptor (or currency acceptor) – a device that accepts and reads cash by denomination and/or cash-out tickets in order to accurately register customer credits at a gaming machine.

Bill acceptor canister – the box attached to the bill acceptor used to contain cash received by bill acceptors and/or cash-out tickets.

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Bill acceptor canister release key – the key used to release the bill acceptor canister from the bill acceptor device.

Bill acceptor canister storage rack key – the key used to access the storage rack where bill acceptor canisters are secured.

Bill acceptor drop – cash contained in bill acceptor canisters and/or cash-out tickets.

Bill-in-meter – a meter included on a gaming machine accepting cash that tracks the number of bills put in the machine.

Breakage – the difference between actual bet amounts paid out by a racetrack to bettors and amounts won due to bet payments being rounded up or down. For example, a winning bet that should pay Four Dollars and Twenty Five Cents (\$4.25) may be actually paid at Four Dollars and Twenty Cents (\$4.20) due to rounding.

Cage – a secure work area within the casino operation for cashiers, which may include a storage area for the operation's bankroll.

Cage accountability form – an itemized list of the components that make up the cage accountability.

Card game – a game in which the casino operation is not party to wagers and from which the operation receives compensation in the form of a rake, a time buy-in, or other fee or payment from a player for the privilege of playing.

Card room bank – the operating fund assigned to the card room or main card room bank.

Cash equivalents – documents, financial instruments other than cash, or anything else of representative value to which the casino operation has assigned a monetary value. A cash equivalent includes, but is not limited to, tokens, chips, coupons, vouchers, payout slips and tickets, and other items to which a casino operation has assigned an exchange value.

Cashless system – a system that performs cashless transactions and maintains records of those cashless transactions.

Cashless transaction – a movement of funds electronically from one component to another, such as to or from a patron deposit account.

Cash-out ticket – an instrument of value generated by a gaming machine representing a monetary amount owed to a customer at a specific gaming machine. This instrument may be wagered at other machines by depositing the cash-out ticket in the machine document acceptor.

Casino instrument – any negotiable instrument introduced by the casino and used to conduct business transactions (e.g., currency, chips, tickets, coupons, vouchers, etc.).

Casino instrument storage container – the bill acceptor canister, drop box, or other component used to store casino instruments.

Casino operations/gaming facility – the management of and/or any premises, buildings, facilities, improvements, and/or equipment used or maintained in connection with the conduct of gaming, including but not limited to the storage of gaming

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equipment and/or materials and directly tied to the casino operation/facility on Indian land.

Chips – cash substitutes, in various denominations, issued by a casino operation and used for wagering.

CNGC – (Cherokee Nation Gaming Commission) the tribally designated entity responsible for gaming regulation. In accordance with Cherokee Nation Code Annotated Title 4, the Cherokee Nation Gaming Commission is the Tribal Gaming Regulatory Authority (TGRA) and designated as the responsible party for gaming regulation.

Complementary services and items – services and items provided at no cost, or at a reduced cost, to a patron at the discretion of an employee on behalf of the casino operation or by a third party on behalf of the operation. Services and items may include, but are not limited to, travel, lodging, food, beverages, or entertainment expenses.

Count – the act of counting and recording the drop and/or other funds. Also, the total funds counted for a particular game, player interface, gaming machine, shift, or other period.

Count room – a secured room where the cash drop and cash equivalents from gaming machines, table games, or other games are transported to and counted.

Count team – personnel that perform either the count of the gaming machine drop and/or the table game drop.

Counter game – a game in which the casino operation is a party to wagers and wherein the operation documents all wagering activity. The term includes, but is not limited to, bingo, keno, and pari-mutuel race books. The term does not include table games, card games and gaming machines.

Credit slip – a form used to record the return of chips from a gaming table to the cage.

Currency cassette – a locked compartment that contains a specified denomination of currency. Currency cassettes are inserted into kiosks, allowing them to dispense currency.

Customer deposits – the amounts placed with a cage cashier by customers for the customers' use at a future time.

Deal – a specific pull tab game that has a specific serial number associated with each game.

Dealer – an employee who operates a game, individually or as part of a crew, administering house rules and making payoffs.

Dedicated camera – a video camera required to continuously record a specific activity.

Documents – books, records, electronic, magnetic and computer media documents and other writings and materials, copies thereof, and information contained therein.

Drop (for gaming machines) – the total amount of cash, cash-out tickets, and

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coupons removed from bill acceptor canisters.

Drop (for kiosks) – the total amount of casino instruments/financial instruments removed an electronic kiosk.

Drop (for table games) – the total amount of cash, chips, and coins removed from drop boxes plus the amount of credit issued at the tables.

Drop box – a locked container affixed to the gaming table into which the drop is placed. The game type and table number are indicated on the box.

Drop box contents keys – the key used to open drop boxes.

Drop box release keys – the key used to release drop boxes from tables.

Drop box storage rack keys – the key used to release drop boxes from the storage rack.

Drop period – the period of time that occurs between sequential drops.

Drop proceeds – the total amount of financial instruments removed from drop boxes and financial instrument storage components.

Earned and unearned take – race bets taken on present and future race events. Earned take means bets received on current or present events. Unearned take means bets taken on future race events.

EPROM or programmable storage media – for the purpose of these standards, EPROM (Erasable Programmable Read

Only Memory) or Programmable Storage Media shall include any media, which has an effect on the game play, financial accountability, and/or game integrity; including, but not limited to chips, discs, flash ROM, CD-ROM, CDR, CDRW, etc.

Exception report – a listing of occurrences, transactions or items that fall outside a predetermined range of acceptability.

Fill – a transaction whereby a supply of chips and/or coins is transferred from a bankroll to a table game.

Fill slip – a document evidencing a fill.

Financial instrument – any tangible item of value tendered that has a monetary value or represents a legally enforceable (binding) agreement between two or more parties regarding a right to payment of money.

Flare – the information sheet provided by the manufacturer that sets forth the rules at a particular pull tab game and that is associated with a specific deal of pull tabs. The flare shall contain the following information:

1. Name of the game;
2. Manufacturer name or manufacturer's logo;
3. Ticket count; and,
4. Prize structure, which shall include the number of winning pull tabs by denomination, with their respective winning symbols, numbers or both.

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Floor location/machine location – a unique number assigned to identify a group of gaming machines and/or network of player terminals.

Future wagers – bets on races to be run in the future (e.g., Kentucky Derby).

Game play credits – a method of representing value obtained from the exchange of cash or cash equivalents, or earned as a prize, in connection with electronic gaming. Game play credits may be redeemed for cash or a cash equivalent.

Game server – an electronic selection device, utilizing a random number generator.

Gaming device/component – any component of the gaming system, required to conduct gaming on a gaming machine or technological aid used to conduct gaming activities, which may or may not include the machine/interface itself.

Gaming machine analysis report – a report prepared that compares theoretical to actual hold by a gaming machine on a monthly or other periodic basis.

Gaming machine pay table – the reel strip combinations illustrated on the face of the gaming machine that can identify payouts of designated credit amounts.

Gaming machine/player interface – the device of a gaming system that directly allows player interaction or participation in a gaming activity.

Gaming machine/player terminal number – a unique number assigned to identify a

single gaming machine/player terminal in the casino operation.

Gaming system – any system used to conduct gaming on a gaming machine or technological aid used to conduct gaming activities, inclusive of any and all support systems (both hardware and software).

Gross gaming revenue – annual total amount of cash wagered on Class II and Class III games and admission fees (including table or card fees), less any amounts paid out as prizes or paid for prizes awarded.

Hold – the relationship of win to coin-in for gaming machines and win to drop for table games.

Hub – the person or entity that is licensed to provide the operator of a pari-mutuel wagering operation information related to horse racing that is used to determine winners of races or payoffs on wagers accepted by the pari-mutuel wagering operation.

Independent – the separation of functions to ensure that the employee or process that is responsible for monitoring, reviewing, or authorizing the controlled activity, function, or transaction is separate from the employee or process performing the controlled activity, function, or transaction.

Internal audit – persons who perform an audit function of a casino operation that are independent of the department subject to audit. Independence is obtained through the organizational reporting relationship, as the internal audit department shall not report to management of the casino operation.

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Internal audit activities should be conducted in a manner that permits objective evaluation of areas examined. Internal audit personnel may provide audit coverage to more than one (1) operation within a tribe's gaming operation holdings.

Jackpot payout – the portion of a jackpot paid by gaming personnel. The amount is usually determined as the difference between the total posted jackpot amount and the credits paid out by the machine. It may also be the total amount of the jackpot.

Jackpot payout slip – a form on which the amount of a jackpot paid by gaming personnel is recorded.

Kiosk – a device capable of redeeming vouchers and/or wagering credits or initiating electronic transfers of money to or from a patron deposit account.

Lammer – a type of chip that is placed on a gaming table to indicate that the amount of chips designated thereon has been given to the customer for wagering on credit before completion of the credit instrument. Lammer button may also mean a type of chip used to evidence transfers between table banks and card room banks.

Linked electronic game – any game linked to two (2) or more casino operations and/or any game linking any two (2) or more gaming machines whether in-house (LAN) or wide-area (WAN) that may be physically separate and/or not regulated by the same Tribal gaming regulatory authority.

Machine payout form – a document used to log payouts that meet special reporting requirements.

Main card room bank – a fund of cash, coin, and chips used primarily for poker and pan card game areas. It is used to make even cash transfers between various games as needed. It may be used similarly in other areas of the casino operation.

Manual payout – any non-automated payout.

Master game program number – the game program number listed on a gaming machine EPROM .

Master game sheet – a form used to record, by shift and day, each table game's winnings and losses. This form reflects the opening and closing table inventories, the fills and credits, and the drop and win.

Meter – an electronic (soft) or mechanical (hard) apparatus in a gaming machine. May record the number/amount of credits wagered, the number/amount of cash or cash equivalents dropped, the number of times the handle was pulled, or the number/amount of credits paid out to winning players.

MICS – Minimum Internal Control Standards promulgated by the NIGC.

Motion activated dedicated camera – a video camera that, upon its detection of activity or motion in a specific area, begins to record the activity or area.

Multi-game machine – a gaming machine that includes more than one (1) type of game option.

Network communication equipment – a device or collection of devices that controls

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data communication in a system including, but not limited to, cables, switches, hubs, routers, wireless access points, landline telephones and cellular telephones.

NIGC – National Indian Gaming Commission.

On-line gaming machine monitoring – a system used by a casino operation to monitor gaming machine meter readings and/or other activities on an on-line basis.

Order for credit – a form that is used to request the transfer of chips from a table to the cage. The order precedes the actual transfer transaction that is documented on a credit slip.

Par percentage – the percentage of each dollar wagered that the house wins (i.e., casino operation advantage).

Par sheet – a specification sheet for a gaming machine that provides machine hold percentage, model number, hit frequency, reel combination, number of reels, number of coins that can be accepted, and reel strip listing.

Pari-mutuel wagering – a system of wagering on horse races, jai-alai, greyhound and harness racing, where the winners divide the total amount wagered, net of commissions and operating expenses, proportionate to the individual amount wagered.

Patron deposit account – an account maintained on behalf of a patron, for the deposit and withdrawal of funds for the primary purpose of interacting with a gaming activity.

PIN – the personal identification number used to access player's account.

Pit podium – a stand located in the middle of the tables used by casino operation supervisory personnel as a workplace and a record storage area.

Pit supervisor – the employee who supervises all games in a pit.

Player tracking system – a system typically used in gaming departments that can record the gaming activity of individual customers.

Post time – the time when a pari-mutuel track stops accepting bets in accordance with rules and regulations of the applicable jurisdiction.

Prize payouts – payment to a player associated with a winning or qualifying event.

Progressive gaming machine – a gaming machine, with a payoff indicator, in which the payoff increases as it is played (i.e., deferred payout). The payoff amount is accumulated, displayed on a machine and will remain until a player lines up the jackpot symbols that result in the progressive amount being paid.

Rake – a commission charged by the house for maintaining or dealing a game such as poker.

Rake circle – the area of a table where a rake is placed.

Random number generator – a device that generates numbers in the absence of a pattern. May be used to determine numbers

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selected in bingo. Also commonly used in gaming machines to generate game outcome.

Reel symbols – symbols listed on reel strips or video display on gaming machines.

Runner – a gaming employee who transports chips/cash to or from a gaming table and a cashier.

SAM – a screen-automated machine used to accept pari-mutuel wagers. SAMs also pay winning tickets in the form of a voucher, which is redeemable for cash.

Shift – a time period, unless otherwise approved by CNGC, not to exceed 24 hours.

Shill – an employee financed by the house and acting as a player for the purpose of starting or maintaining a sufficient number of players in a game.

SICS (System of Internal Control Standards) – an overall operational framework for a casino operation that incorporates principles of independence and segregation of function, and is comprised of written policies, procedures and standard practices based on overarching regulatory standards specifically designed to create a system of checks and balances to safeguard the integrity of a operation and protect its assets from unauthorized access, misappropriation, forgery, theft, or fraud.

Smart card – a card with embedded integrated circuits that possesses the sole means to electronically store or retrieve account data.

Soft count – the count of the contents in a casino instrument storage container.

Statistical drop – total amount of money, chips and tokens contained in the drop boxes, plus credit issued, minus pit credit payments in cash in the pit.

Statistical win – closing bankroll, plus credit slips for cash, chips or tokens returned to the cage, plus drop, minus opening bankroll, minus fills to the table, plus marker credits.

Sufficient clarity – use of monitoring and recording at a minimum of twenty (20) frames per second or equivalent recording speed and at a resolution sufficient to clearly identify the intended activity, person, object, or location. Multiplexer tape recordings are insufficient to satisfy the requirement of sufficient clarity.

Surveillance operation room(s) – the secured area(s) where surveillance takes place and/or where active surveillance equipment is located.

Surveillance system – a system of video cameras, monitors, recorders, video printers, switches, selectors, and other ancillary equipment used for casino surveillance.

Table games – games that are banked by the house or a pool whereby the house or the pool pays all winning bets and collects from all losing bets.

Table inventory – the total coins and chips, at the table.

Table inventory form – the form used by casino operation supervisory personnel to

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document the inventory of chips, coins, and tokens on a table at the beginning and ending of a shift.

Table tray – the container located on gaming tables where chips, coins, or cash are stored that are used in the game.

Take – the same as earned and unearned take.

Theoretical hold – the intended hold percentage or win of an individual gaming machine as computed by reference to its payout schedule and reel strip setting or EPROM.

Theoretical hold worksheet – a worksheet provided by the manufacturer for all gaming machines that indicate the theoretical percentages that the gaming machine should hold based on adequate levels of coin-in. The worksheet also indicates the reel strip settings, number of credits that may be played, the payout schedule, the number of reels and other information descriptive of the particular type of gaming machine.

TICS (Tribal Internal Control Standards) – standards established by the CNGC that are at least as stringent as the standards set forth in 25 CFR Parts 542 and 543.

Tier A – casino operations with annual gross gaming revenues of more than One Million Dollars (\$1,000,000.00) but not more than Five Million Dollars (\$5,000,000.00).

Tier B – casino operations with annual gross gaming revenues of more than Five Million Dollars (\$5,000,000.00) but not

more than Fifteen Million Dollars (\$15,000,000.00).

Tier C – casino operations with annual gross gaming revenues of more than Fifteen Million Dollars (\$15,000,000.00).

Tokens – a coin-like cash substitute, in various denominations, used for gambling transactions.

Vault – a secure area within the casino operation where cash and cash equivalents (e.g. tokens, checks, currency, coins, and chips) are stored.

Wide area progressive gaming machine – a progressive gaming machine that is linked to machines in other operations and play on the machines affect the progressive amount. As wagers are placed, the progressive meters on all of the linked machines increases.

Win – the net win resulting from all gaming activities. Net win results from deducting all gaming losses from all wins prior to considering associated operating expenses.

Win-to-write hold percentage – win divided by write to determine hold percentage.

Write – the total amount wagered in bingo, pull tabs, pari-mutuel, and, tournament blackjack operations.

Writer – an employee who writes bingo, pull tabs, or pari-mutuel tickets.

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2.1 General

- A. The Cherokee Nation Gaming Commission (CNGC) is required to establish and implement internal control standards pursuant to 25 CFR part 542 and 543 to ensure that casino operations comply with the National Indian Gaming Commission's Minimum Internal Control Standards (MICS).
- B. The MICS are minimum standards and the CNGC may establish and implement additional controls as defined within these Tribal Internal Control Standards (TICS) that do not conflict with the MICS.
- C. Each casino operation is then required to develop a System of Internal Control Standards (SICS), as approved by the CNGC, that implements the standards reflected in this document.
- D. Failure to do so may subject the Tribal operator of the operation and/or the management contractor, to penalties under 25 USC 2713.
- E. Enforcement action by the NIGC will not be initiated under this part without first informing the Cherokee Nation and CNGC of deficiencies in the TICS or absence of SICS for its casino operation(s) and allowing a reasonable period of time to address such deficiencies. Such prior notice and opportunity for corrective action are not required where the threat to

the integrity of the operation is immediate and severe.

2.2 Determination of Tier

- A. Determination of tier level shall be made by the CNGC based upon the annual gross gaming revenues indicated within the casino operations' audited financial statements.

Casino operations moving from one tier to another shall have nine (9) months from the date of the independent certified public accountant's audit report to achieve compliance with the requirements of the new tier.

The CNGC may extend the deadline by an additional six (6) months given sufficient grounds, at their discretion, if written notice is provided to the CNGC no later than forty-five (45) days before the expiration of the nine (9) month period.

- B. Upon approval, the CNGC must provide written notice to the National Indian Gaming Commission (NIGC), no later than two (2) weeks before the expiration of the nine (9) month period, of any extension granted in relation to any NIGC minimum internal control standards.

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2.3 Tribal Internal Control Standards

- A. The CNGC must ensure that the Tribal Internal Control Standards (TICS) provide a level of control that equals or exceeds the applicable standards set forth in the MICS. The CNGC shall, in accordance with the tribal gaming ordinance, determine when and to what extent revisions are necessary to ensure compliance.
- B. The CNGC shall establish deadlines for compliance with these Tribal Internal Control Standards (TICS) and shall ensure compliance with those deadlines as set forth by the National Indian Gaming Commission (NIGC) and in accordance with the Cherokee Nation gaming ordinance, Title 4 of Cherokee Nation Code Annotated, and shall establish, implement, and revise the control standards within this document as follows:
 - 1. These Tribal Internal Control Standards shall provide a level of control that equals or exceeds those set forth in 25 CFR Part 542 and 543;
 - 2. Contain standards for currency transaction reporting that comply with 31 CFR Chapter X;
 - 3. Establish control standards for new game offerings and/or related casino operations that are not already addressed by this document.

- 4. Ensure that each casino operation shall develop and implement a system of internal control standards (SICS) that, at a minimum, complies with the standards set forth in this document.
- C. The CNGC may provide for a comment period for any proposed additions/revisions prior to their implementation.

2.4 Extension Process for Casino Operations

- A. Any casino operation that is unable to be in compliance with any standard set forth herein by the effective deadlines established by the CNGC may request an extension.
- B. In order to receive an extension, the casino operation must:
 - 1. Prove to the CNGC that the operation is unable to comply substantially with an internal control standard(s) published in this document;
 - 2. Provide a plan to implement the internal control standard within a reasonable time frame; and
 - 3. Provide for a process that will achieve adequate control until compliance with the internal control standard can be achieved.

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- C. All casino operations that commence operations after publication, inclusive of any additions/revisions, shall comply with this document before commencement of operations in accordance with established effective dates.

2.5 Variance Process for Casino Operations

- A. The Casino Operator and/or the Management Contractor may apply for a variance to the Tribal Internal Control Standards (TICS) for their operation if the CNGC has determined that the variance will achieve at least the same level of control as the standard the variance is to replace.
- B. For each standard, for which the casino operations seeks a variance, it shall submit to the CNGC a written request by management and a detailed report, which shall include the following:
1. A detailed description of the variance in procedural format;
 2. An explanation of how the variance achieves a level of controls sufficient to accomplish the purpose of the standard it is to replace; and,
 3. A written request submitted to the CNGC on letterhead and signed by authorized

management with a detailed explanation supporting why the casino operation is seeking a variance.

- C. For each standard for which the CNGC approves a variance that may not comply specifically to those standards promulgated by the NIGC, the CNGC shall submit to the NIGC or directly to the Chairman of the NIGC, within thirty (30) days, a letter from the CNGC or its designee authorizing the variance and that documentation submitted to and used by the CNGC in its determination and authorization of the variance as prescribed.
- D. The NIGC may test the adequacy of the variance.

2.6 NIGC Concurrence

- A. Review by Chairman of the NIGC.
1. Following receipt of the variance approval from the CNGC, the Chairman or his or her designee shall have sixty (60) days to concur with or object to the approval of the variance.
 2. Any objection raised by the Chairman shall be in the form of a written explanation.
 3. If the Chairman fails to object in writing within sixty (60) days

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after the date of receipt of a complete submission, the variance shall be considered concurred with by the Chairman of the NIGC.

4. The sixty (60) day deadline may be extended, provided such extension is mutually agreed upon by the CNGC and the Chairman of the NIGC.

B. Curing Chairman's Objections.

Following an objection by the Chairman, to the issuance of a variance, the CNGC shall have an opportunity to cure any objections noted by the Chairman.

1. Rescinding its initial approval of the variance; or,
2. Rescinding its initial approval, having the casino operation submit a revised variance request, approving it, and re-submitting it to the Chairman.

C. Upon any re-submission of a variance approval, the Chairman shall have thirty (30) days to concur with or object to the re-submitted variance.

D. If the Chairman fails to object in writing within thirty (30) days after the date of receipt of the re-submitted variance, the re-submitted variance shall be considered concurred with by the Chairman.

E. The thirty (30) day deadline may be extended, provided such extension is mutually agreed upon by the CNGC and the NIGC Chairman.

F. Upon receipt of objections to a re-submission of a variance, the CNGC and/or the casino operation, as approved by the CNGC, shall be entitled to an appeal to the full National Indian Gaming Commission, in accordance with the following process:

1. Within thirty (30) days of receiving an objection to a re-submission, the CNGC shall immediately notify the casino operation of the objection. Written notification shall be sent within five (5) days of receipt of notice.
2. The casino operation may submit its notice of appeal to the CNGC within ten (10) days of receipt of written notification.
3. The CNGC shall consider the appeal to ensure the appeal has merit. Upon approval, the CNGC shall file the appeal on behalf of the operation.
4. Any appeal not filed within the time provided shall result in a waiver of the opportunity for an appeal. Therefore, it is incumbent upon the casino operation to ensure sufficient time for the CNGC to consider

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and approve any appeal to the NIGC.

- G. An appeal under this section shall specify the reasons why the casino operation believes the Chairman's objections should be reviewed, and shall include supporting documentation, if any.
- H. The casino operation shall be provided with any comments offered by the Chairman of the NIGC to the CNGC on the substance of the appeal, and shall be offered the opportunity to respond to any such comments within their written documentation.
- I. Within thirty (30) days after receipt of the appeal, the NIGC shall render a decision based upon the criteria set forth in 25 CFR 542.18, paragraph (b) (2). Unless the CNGC elects to waive the thirty (30) day requirement in writing and to provide the NIGC additional time, not to exceed an additional thirty (30) days, to render a decision, allowing the NIGC sixty (60) days for consideration.
- J. In the absence of a decision within the time provided, the re-submission through the appeal process shall be considered concurred with by the NIGC and become effective.
- K. Any variance approved by the CNGC shall not become effective until such time as the NIGC Chairman concurs or objects to the

submitted variance as provided for in this part.

2.7 CPA Testing and Guidelines

- A. Consistent with 25 CFR 571.12, Audit Standards, an annual independent financial statement audit of the Tribe's casino operations shall be conducted as prescribed by the CNGC. The audit shall examine revenues and expenses incurred in connection with the conduct of all gaming activities in accordance with generally accepted auditing standards and shall include, but not be limited to, those matters necessary to verify the determination of adjusted gross revenues and the basis of the payments made to the NIGC and to the State pursuant to the requirements set forth in the Tribal-State Compact.
- B. The Tribal Operator of the casino operations and/or management contractor may include their respective corporate audit in conjunction with the audits required by the CNGC. For reporting purposes, the audit of the conduct of covered games, as specified by the Tribal-State Compact, shall be separately stated. Further, as part of the audit report, the independent CPA shall certify to the CNGC that, in the course of the audit, the auditor discovered no matters within the scope of the audit which were determined or believed to be in

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violation of any provision stated within the Tribal-State Compact.

- C. All gaming related contracts that result in purchases of supplies, services, or concessions for more than \$25,000 in any year (except for contracts for professional legal or accounting services) shall be specifically included within the scope of the audit.
- D. Copies of the annual independent financial audit of the Tribe's casino operations shall be submitted directly to the CNGC for distribution to the National Indian Gaming Commission and to the State Compliance Agency, in accordance to the Tribal-State Compact, within 120 days of the gaming operations fiscal year end.
- E. In addition to the annual independent financial statement audit, the independent certified public accountant (CPA) shall perform procedures to verify that the gaming operation's System of Internal Control Standards (SICS) is in substantial compliance with the Tribal Internal Control Standards (TICS) by comparing the gaming operation's SICS to the TICS.
- F. An Independent CPA shall be engaged to perform "Agreed-Upon Procedures" to verify that the casino operation is in compliance with the Tribal Internal Controls Standards (TICS) set forth in this document or

a Tribally approved variance thereto that has received NIGC concurrence (where applicable), the NIGC MICS, and the SICS where they provide the level of control required. The CPA shall report each event and procedure discovered by or brought to the CPAs attention that the CPA believes does not satisfy these standards or the Tribal approved variance that has received NIGC concurrence. The "Agreed-Upon Procedures" may be performed in conjunction with the annual audit. The CPA shall report its findings to the CNGC, the Tribe, and to management. The CNGC shall submit two copies of the report to the NIGC within 120 days of the casino operations fiscal year end. Throughout these regulations, the CPAs engagement and reporting are based on Statements on Standards for Attestation Engagements (SSAEs). If future revisions are made to the SSAEs or new SSAEs are adopted that are applicable to this type of engagement, the CPA is to comply with any new or revised professional standards in conducting engagements pursuant to these regulations and the issuance of the agreed-upon procedures report. The CPA shall perform the "Agreed-Upon procedures" in accordance with the following:

1. The CPA shall compare the Tribal Internal Control Standards (TICS) to the NIGC MICS to ascertain whether the criteria set

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- forth in the NIGC MICS or NIGC approved variances are adequately addressed.
2. The CPA may utilize CNGC personnel to cross-reference the TICS to the NIGC MICS, provided the CPA performs a review of the work performed by CNGC personnel and assumes complete responsibility for the proper completion of the work product.
 3. The CPA shall report each procedure discovered by or brought to the CPA's attention that the CPA believes does not satisfy the NIGC MICS requirements in part (F) (1) in this section.
 4. As a prerequisite to the evaluation of the casino operation's system of internal control standards (SICS), it is recommended that the CPA obtain and review an organization chart depicting segregation of functions and responsibilities, a description of the duties and responsibilities of each position shown on the organization chart, and an accurate, detailed narrative description of the operation's procedures in effect that demonstrate compliance.
 5. Complete the CNGC promulgated TICS Compliance check lists or other comparable testing procedures. The checklists should measure compliance on sampling basis by performing walk-throughs, observations and substantive testing. The CPA shall complete separate checklists for each gaming revenue center, general cash handling provisions, cage and credit (as applicable), drop and count, key controls and access, marketing promotions, complimentary services, player tracking, internal audit, surveillance, information technology, finance, revenue audit, and financial transactions. All questions on each applicable checklist should be completed. Work-paper references are suggested for all "no" responses for the results obtained during testing (unless a note in the "W/P Ref" can explain the exception).
 6. The CPA shall perform, at a minimum, the following procedures in conjunction with the completion of the checklists:
 - a. At least one unannounced observation of each of the following: Gaming machine currency acceptor drop, table games drop, gaming machine currency acceptor count, and table games count. For purposes of these procedures, "unannounced" means that no officers, directors, or

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employees are given advance information regarding the dates or times of such observations.

The independent accountant should make arrangements with the CNGC and the casino operation to ensure proper identification of the CPAs personnel and to provide for their prompt access to the count rooms.

- b. The checklists should provide for drop/count observations, soft drop/count and currency acceptor drop/count. The count room would not be entered until the count is in process and the CPA would not leave the room until the monies have been counted and verified to the count sheet by the CPA and accepted into accountability. If the gaming machine currency acceptor count begins immediately after the table games count in the same location, by the same count team, and using the same equipment, the currency acceptor count observation can be conducted on the same day as the table games count observation, provided the CPA remains until monies are transferred to the vault/cashier.

- c. Observations of the casino operation's employees as they perform their duties.

- d. Interviews with the casino operation's employees who perform the relevant procedures.

- e. Compliance testing of various documents relevant to the procedures. The scope of such testing should be indicated on the checklist where applicable.

- f. For new casino operations that have been in operation for three months or less at the end of their business year, performance of this regulation, is not required for the partial period.

G. Reliance on Internal Auditors. The CPA may rely on the work of an internal auditor, to the extent allowed by the professional standards, for the performance of the recommended procedures specified in parts (F) (6) (c, d, and e) of this section, and for the completion of the checklists as they relate to the procedures covered therein, provided that the internal audit department can demonstrate to the satisfaction of the CPA that the requirements contained within Section 24 – Internal Audit, as applicable, have been satisfied.

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1. Agreed-Upon Procedures are to be performed by the CPA to determine that the internal audit procedures performed for a past 12-month period (includes two 6-month periods) encompassing a portion or all of the most recent business year has been properly completed. The CPA will apply the following Agreed-Up Procedures to the gaming operation's written assertion:
 - a. Obtain the internal audit department work-papers completed for a 12-month period (includes two 6-month periods) encompassing a portion or all of the most recent business year and determine whether the proper MICS Compliance Checklists or other comparable testing procedures were included in the internal audit work papers and all steps described in the checklists were initialed or signed by an internal audit representative.
 - b. For the internal audit work-papers obtained in part (G) (2) of this section, on a sample basis, re-perform the procedures included in the CNGC Compliance checklists or other comparable testing procedures prepared by the internal audit department and determine if all instances of

noncompliance noted in the sample were documented as such by the internal auditor(s). The CNGC Compliance checklists or other comparable testing procedures for the applicable Drop and Count procedures are not included in the sample re-performance of procedures because the CPA is required to perform the Drop and Count observations under part (F) (6) (a) of this section of the Agreed-Upon Procedures. The CPAs sample should comprise a minimum of 3 percent of the procedures required in each CNGC Compliance Checklist or other comparable testing procedures for the gaming machine and table game departments and 5 percent for the other departments completed by the internal audit department in compliance with the Section 24 - Internal Audit TICS. The re-performance of the procedures is performed as follows:

- i. For inquires, the CPA should either speak with the same individual or an individual of the same job position as the internal auditor did for the procedure

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- indicated in their checklist.
- ii. For observations, the CPA should observe the same process as the internal auditor did for the procedure as indicated in their checklist.
 - iii. For document testing, the CPA should look at the same original document as tested by the internal auditor for the procedure as indicated in their checklist. The CPA need only retest the minimum sample size required in the checklist.
- c. The CPA is to investigate and resolve any differences between their re-performance results and the internal audit results.
 - d. Ensure that audit reports are completed and include responses from management.
 - e. Verify that appropriate follow-up on audit findings has been conducted and necessary corrective measures have been taken to effectively mitigate the noted risks.

- f. Documentation shall be maintained for five (5) years by the CPA indicating the procedures re-performed along with the results.
- g. When performing the procedures for part (G) (3) of this section in subsequent years, the CPA must select a different sample so that the CPA will re-perform substantially all of the procedures after several years.
- h. Any additional procedures performed at the request of the NIGC, the CNGC, or management should be included in the Agreed-Upon Procedures report transmitted to the CNGC and subsequently to the NIGC.

2. [Reserved].

H. Report Format. The NIGC has concluded that the performance of the procedures is an attestation engagement in which the CPA applies such Agreed-Upon Procedures to the operation's assertion that it is in compliance with the NIGC MICS, the CNGC TICS, and approved variances, provide a level of control that equals or exceeds that of the established MICS. Accordingly, the Statements on Standards for Attestation Engagements (SSAEs) specifically

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SSAE 10, issued by the Auditing Standards Board is currently applicable. SSAE 10 provides current, pertinent guidance regarding agreed-upon procedures engagements, and the sample report formats included within those standards should be used, as appropriate, in the preparation of the CPAs agreed-upon procedures report. If future revisions are made to this standard or new SSAEs are adopted that are applicable to this type of engagement, the CPA is to comply with any revised professional standards in issuing their agreed upon procedures report. The NIGC will provide an Example Report and Letter Formats, upon request, that may be used and contain all of the information discussed as follows:

1. The report must describe all instances of procedural noncompliance regardless of materiality with the MICS or approved variations, and all instances where the CNGC TICS or SICS do not comply with the NIGC MICS. When describing the agreed-upon procedures performed, the CPA should also indicate whether procedures performed by other individuals were utilized to substitute for the procedures required to be performed by the CPA. For each instance of noncompliance noted in the CPAs agreed-upon procedures report, the following information must be included:

- a. The citation of the applicable MICS for which the instance of noncompliance was noted.
- b. A narrative description of noncompliance, including the number of exceptions and sample size tested.

2. [Reserved].

I. Report Submission Requirements

1. The CPA shall prepare a report of the findings for the CNGC, the Tribe and management. The CNGC shall submit 2 copies of the report to the NIGC no later than 120 days after the operation's business year. This report should be provided in addition to any other reports required to be submitted to the NIGC.
2. The CPA should maintain the work-papers supporting the report for a minimum of five years. Digital storage is acceptable. The NIGC may request access to these work-papers, through the CNGC.
3. CNGC Compliance Checklists. In connection with the CPA testing pursuant to this section and as referenced therein, the CNGC will provide CPA with the TICS Compliance checklists upon request.

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- J. The CPA shall conduct testing procedures according to the NIGC recommended CPA Guidelines, as applicable.

2.8 Violations and/or Infractions

Violations and/or infractions of the MICS/TICS/SICS may result in action as provided according to the Cherokee Nation Gaming Commission's Rules and Regulations.

This section shall apply equally to individual employees and to the casino operation. Nothing contained herein or any civil penalties imposed hereunder shall preclude any criminal prosecution, which may result from a violation of the standards in this document.

SECTION 3
SMALL AND CHARITABLE ORGANIZATIONS

3.1 Small Casino Operations

This document shall not apply to small casino operations provided that:

- A. The Cherokee Nation Gaming Commission (CNGC) permits the operation to be exempt from this document;
- B. The annual gross gaming revenue of the operation does not exceed One Million Dollars (\$1,000,000.00); and,
- C. The CNGC develops and the operation complies with alternate procedures that:
 - 1. Protect the integrity of games offered; and,
 - 2. Safeguard the assets used in connection with the operation.
 - 3. Create, prepare and maintain records in accordance with Generally Accepted Accounting Principles.

3.2 Charitable Gaming Operations

This document shall not apply to charitable gaming operations provided that:

- A. All proceeds are the benefit of a charitable organization;
- B. The CNGC permits the charitable organization to be exempt from this document;

- C. The charitable gaming operation is operated wholly by the charitable organization's employees or volunteers;
- D. The annual gross gaming revenue of the charitable gaming operation does not exceed One Hundred Thousand Dollars (\$100,000.00);
- E. Where the annual gross gaming revenues of the charitable gaming operation exceed One Hundred Thousand (\$100,000.00), but are less than One Million Dollars (\$1,000,000.00), the Small Gaming Operations section shall also apply.
- F. The CNGC develops and the charitable gaming operation complies with alternate procedures that:
 - 1. Protect the integrity of the games offered; and,
 - 2. Safeguard the assets used in connection with the gaming operation.
 - 3. Create, prepare and maintain records in accordance with Generally Accepted Accounting Principles.

3.3 Independent Operators

Nothing in this Section shall exempt gaming operations conducted by independent operators for the benefit of a charitable organization.

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4.1 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 Cherokee Nation Gaming Commission (CNGC), will be acceptable.

4.2 General Provisions

The CNGC has established general provisions that are applicable to all employees permitted and/or licensed by the CNGC.

- A. Whereas, certain parts of these standards may allow the casino operation to establish its own procedures, as approved by the CNGC, these procedures shall be strictly adhered to and may not be changed unless approved by the CNGC.
- B. A copy of the Tribal Internal Control Standards (TICS) shall be maintained by supervisory and/or management personnel.
- C. Each employee may receive a copy of the TICS that are pertinent to their job title.
- D. All employees have the responsibility to immediately notify the CNGC of the discovery of any violation or suspected violation of any criminal statute.

4.3 Management Reporting Requirements

- A. Management shall ensure that all agreements/contracts entered into with any vendor and/or vendor agents to conduct business with the gaming facility, directly or indirectly, gaming and non-gaming, which will provide service(s) and/or supplies, shall contain language requiring the vendor to comply with the standards in this document and CNGC Rules and Regulations. All applicable agreements/contracts verbal or written shall be documented, submitted, and placed on file with the CNGC.
- B. Management shall report all suspected and/or known internal control violations or infractions. Unless stated otherwise, all management reporting requirements shall be ten (10) calendar days from the occurrence of the internal control violation or infraction.
- C. Failure on the part of management to report a known violation or infraction may result in disciplinary action as deemed necessary by the CNGC. Disciplinary action, for an individual and/or facility, may be, but not limited to revoking, suspending, limiting, or refusing to renew the license of any licensee or facility and/or an assessment of a fine at the discretion of the CNGC.
- D. Request to extend the reporting requirements for any reason shall be considered only for extreme emergencies and shall be granted in very limited circumstances by the CNGC.

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4.4 Variance Reporting Requirements

- A. For the purpose of this section, a variance is when the actual drop of cash and cash equivalents, (e.g. chips, coupons, etc.) is short or over to the expected drop.
- B. All employees issued banks or conducting transaction on behalf of the casino are subject to these standards.
- C. The casino operation, as approved by the CNGC, shall establish procedures to account for and report all variances, which shall include the following standards.
- D. Accountability shall be assigned to any bank issued from or dropped to an individual employee at the cage.
- E. For variances incurred as a result of suspicious, dishonest, and/or illegal activity, the CNGC and the Cherokee Nation Marshal Service (CNMS) shall be notified immediately.
- F. Overages shall not be allowed to offset shortages, notwithstanding any transactions that may occur between shifts or across transactions that can be reasonably traced. These adjustments shall be adequately documented and no other netting out of shortages shall be allowed.
- G. The above stated allowance in paragraph F shall not preclude the CNGC from taking action on employees for violation of “Cash

Handling” and/or “Cash Drawer Integrity” standards in this section.

- H. On a weekly basis, the accounting department shall prepare and forward to the CNGC the “Total Variance Report”. The report shall consist of any and all variances, which have occurred for each gaming day and shall be submitted not more than fourteen (14) days following the first day reported. The report shall be categorized by department/area and shall include the following information:
 - 1. Date of variance;
 - 2. Employee(s) / Area that the variance is attributed to;
 - 3. Summary of transactions related to variance (banks, sales, payouts, deposits, withdrawals, etc.); and,
 - 4. Amount and type of variance (short/over);
- I. Vault adjustments and/or other cash variances that cannot be attributed to an individual employee must also be reported in accordance with these standards.
- J. No closing documentation may be adjusted by direct departmental management after the close of the gaming day.
- K. Direct departmental management shall have forty-eight (48) hours, immediately following the occurrence of any variances

SECTION 4
GENERAL PROVISIONS

exceeding these standards, to investigate the cause of the variance.

L. The results of the investigation shall be documented and forwarded to accounting for verification and any necessary adjustments.

M. The CNGC shall be notified of any variances exceeding the standards in paragraph P of this section that have not been resolved within seventy-two (72) hours.

N. For variances exceeding the CNGC standards, as set forth in paragraphs O and P, the following information shall be included:

1. Audit/investigation findings with supporting documentation;
2. Employment status of employee(s);
3. Corrective action taken on the part of management; and,
4. Any employee exceeding the standards set forth in paragraph P (1) of this section, subject to license revocation, shall be immediately suspended pending investigation.

O. The CNGC requires a minimum suspension of one (1) day for the following variances, although management may provide additional information as described in paragraph T of this section:

1. For each shortage of Two Hundred Dollars (\$200.00) or more during a single shift;

2. Cumulative shortages in the amount of Five Hundred Dollars (\$500.00) or more within a quarter; and

3. Cumulative overages in the amount of Five Hundred Dollars (\$500.00) or more within a quarter.

P. Employee(s) who have demonstrated an excessive rate of variances, as set forth below, shall be subject to disciplinary action by the CNGC, although management may provide additional information as described in paragraph T of this section:

1. Any single variance of Five Hundred Dollars (\$500.00) or more during a single shift;

2. Cumulative shortages in the amount of One Thousand Dollars (\$1,000.00) or more within a quarter, and/or;

3. Cumulative overages in the amount of One Thousand Dollars (\$1,000.00) or more within a quarter.

Q. Any action taken on an employee does not preclude the CNGC from taking action on supervisory and/or management personnel responsible for the closing-out or reconciliation of issued banks.

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- R. Any employee who incurs excessive variances, as defined by these standards, and voluntarily terminates employment shall have their license status reviewed by the CNGC.
- S. Any attempt to circumvent these control standards or to conceal a variance on the part of any employee, including management personnel, may result in disciplinary action up to and including license revocation.
- T. Whereas extraordinary circumstances may occur, the CNGC may grant exemption, at its discretion, on a limited basis. Management may provide recommendations / remedial action plans, which may include additional training and/or transfer to a non-cash handling position for consideration.
- U. Failure to comply with this standard may be punishable by monetary fine or suspension of a permit/license(s) or both, at the discretion of the CNGC.

4.5 Currency Handling Procedures

All employees permitted and/or licensed by the CNGC shall observe the following procedures when handling cash and/or cash equivalences in the course of operations:

- A. All funds used to operate must be accounted for and recorded and all transfers of cash and/or cash equivalents must be verified by at least two (2) employees and reconciled to recorded amounts at

the end of each shift. Unverified transfers of cash and/or cash equivalents are prohibited.

- B. All currency that has been assigned during a shift to the responsibility of an employee shall be physically verified. Bulk counts of currency do not constitute a verification of funds.
- C. Bulk counts of funds transferred from soft count to main vault and between main cage shifts accountability may be allowed in accordance with standards outlined in Section 13 – Drop and Count and Section 14 – Cage Operations.
- D. Prior to using any money issued from the cage operations, the bank of currency shall be verified by the employee. If a bank variance is discovered the following steps shall occur:
 - 1. Employee’s supervisor shall be immediately notified and recount the funds to verify if there is a variance.
 - 2. Upon confirmation of a variance, the Surveillance department shall be notified to log the occurrence.
 - 3. The supervisor shall prepare a variance slip for the appropriate amount and attach documentation as evidence for reconciliation.
- E. Strapped currency (bundles) must contain a “date-mark”; this “date-mark” will provide the following information:

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1. Signature(s), in accordance with Section 13 – Drop and Count and Section 14 – Cage Operations, of the individuals who last counted and/or verified the currency, and
 2. The actual date on which this verification or procedure occurred.
 3. Currency straps removed during the course of operations are to be physically torn/destroyed to prevent reuse. The only time these straps are to be maintained is if a variance occurs within the strap, at which time the strap is to be forwarded to the appropriate accounting department. The strap will be attached to the variance slip.
- F. There shall be no needless movement of currency. All currency shall be stored in a secure manner that shall exclude the sharing of banks. See part 4.7 Cash Drawer Integrity standards of this section.
- G. Employees shall count currency one (1) bill over the other when exchanging currency with customers. The last one-hundred dollars shall be fan counted to the patron.
- H. Cashier transactions with customers shall be conducted in a designated area to allow for dedicated surveillance observation. Where transactions may not be conducted in a designated area, a procedure must be submitted to CNGC for approval.
- I. Permitted/licensed employees are restricted from using any ticket redemption machines except as provided for in policies and procedures developed by the casino operation, as approved by the CNGC.
 - J. The CNGC or the casino operation, as approved by the CNGC shall establish and the operation shall comply with procedures regarding the acceptance of tips/tokes, which shall include the following provisions:
 1. The use of a clear container or other means of storage, which shall provide adequate measures to keep tips/tokes separate from operation funds, and be approved by CNGC.
 2. For tips received in a form other than currency (i.e., chips, account cards, cashless tickets, etc.), the casino instrument shall be placed into the tip storage container until the end of the employee's shift, where it will be converted to currency by a cage cashier or supervisor in the appropriate manner. At no time shall an employee convert tips from their own bank (operations funds).
 3. The operation shall provide adequate means for reporting tip/toke income to the Internal Revenue Service (IRS).
 4. Employees in supervisory or management, or administrative

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positions shall be precluded from accepting tips.

5. Solicitation of tips/tokes is strictly prohibited.

4.6 Counterfeit Currency

- A. Currency that has been determined to be counterfeit shall not be returned to public circulation.
- B. The Surveillance department shall be notified immediately upon discovery and the currency reported as counterfeit shall be tested by the main cage for verification.
- C. The reporting of counterfeit currency shall be completed by the Security department management. The CNMS shall be notified immediately.
- D. The CNGC shall be notified in writing within forty-eight (48) hours from the time of the occurrence.
- E. The report shall be prepared and issued with the following information:
1. Date of occurrence;
 2. Approximate time of occurrence;
 3. Employee(s) involved in the transaction; and,
 4. Customer involved if applicable and known.

F. A copy of the report shall be sent to the Secret Service, the Treasury Department, and the CNMS.

G. Chain of Custody shall be documented.

H. A variance slip generated through the implementation of the above procedures shall be signed by management, noting the discrepancy and forwarded to the appropriate accounting department.

4.7 Cash Drawer Integrity

- A. A cashier drawer/window shall never remain unlocked without the presence of an operating cashier who is responsible for the funds.
- B. When a cashier leaves the work area, the drawer/window shall be locked thereby maintaining the responsibility of the drawer/window and its contents.
- C. Other personnel are strictly prohibited from utilizing funds that have been designated the responsibility of another employee.
- D. The main cage inventories shall be reconciled on a per shift basis.
1. The incoming and outgoing cashiers shall independently count their inventory.
 2. Individual counts shall be reconciled and compared for accuracy and maintenance of individual accountability, which

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shall be recorded at the end of each shift.

3. Any and all discrepancies shall be noted and investigated in accordance with Section 14 – Cage Operations requirements and part 4.5 (D) of this section for strapped currency as applicable.

4.8 Lost and Found Money

- A. When an employee finds any cash, chips, cash equivalents (coupons, cash-value chips), or personal items found on casino property, whether inside or outside the building, or any credits remaining on a gaming machine, he/she shall follow the procedures established by management, as approved by the CNGC.
- B. Management shall make a determination as to how any lost items or funds are handled after remaining unclaimed for thirty (30) calendar days, which shall be communicated to the CNGC.

4.9 Signature Attestation

When the standards in this document address the need for signature authorizations, unless otherwise specified, that signature shall be the full name of the employee or initials (as required), and employee number, in legible writing.

4.10 Resolutions

When the standards in this document address the resolution of invalid information, discrepancies, variances, or disputes, all documentation and investigation findings shall be communicated to the CNGC.

4.11 Supervision

Supervision shall be provided for all casino operations, activities, and/or approvals by personnel with authority equal to or greater than those being supervised, unless more specific supervision requirements are applicable as provided for within this document.

4.12 Authorized Personnel and Access

When the standards in this document address a list of authorized personnel or state authorized personnel, the authorized personnel shall be communicated to the CNGC with a corresponding level of access.

4.13 Employee Incentive Programs

- A. Any employee incentive programs intended for employee participation in competitive games or games of chance (e.g. drawings) or any event where a potential regulatory issue exists, the program must receive CNGC approval prior to implementation.
- B. Employees are excluded from participation in marketing events

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and/or promotions offered to the public.

4.14 Employee Uniform Requirements

- A. The uniform of persons handling cash or cash equivalents shall be pocketless or pockets shall be secured as follows:
 - 1. Pockets must be inaccessible and/or secured with a pocketless smock or apron, as approved by the CNGC.
 - 2. Hidden pockets are strictly prohibited.
- B. For uniforms provided by the operation, it is the responsibility of operations to:
 - 1. Ensure that the uniform is either pocketless or has sewn pockets as required by the standards in this section prior to issuance to the employee.
 - 2. Conduct regular inspections of the uniforms to ensure standards in this part are in compliance.
- C. For purposes of this section, a pocket shall be any receptacle or fold with more than one half (1/2) inch capacity.
- D. The uniform for Drop and Count personnel and all count room personnel will be pocket-less jumpsuits, smocks or similar attire as approved by the CNGC.

SECTION 5
LIVE BINGO

5.1 Bingo Card Inventory

A. Physical bingo card inventory controls must address the placement of orders, receipt, storage, issuance, removal, and cancellation of bingo card inventory to ensure that:

1. The bingo card inventory can be accounted for at all times; and
2. Bingo cards have not been marked, altered, or otherwise manipulated.

B. When bingo card inventory is initially received from the supplier, it must be inspected (without breaking the factory seals, if any), counted, inventoried, and secured by an authorized employee.

C. Bingo card inventory records must include the date received, quantities received, and the name of the individual conducting the inspection.

D. Bingo cards must be maintained in a secure location, accessible only to authorized employees, and with surveillance coverage adequate to identify persons accessing the storage area.

E. For Tier A operations, bingo card inventory may be stored in a cabinet, closet, or other similar area; however, such area must be secured and separate from the working inventory.

F. Controls must be established for the issuance and return of bingo card inventory. Records signed by the

issuer and recipient must be created under the following events:

1. Issuance of inventory from storage to a staging area;
2. Issuance of inventory from a staging area to the cage or sellers;
3. Return of inventory from a staging area to storage; and
4. Return of inventory from cage or seller to staging area or storage.

G. Bingo cards removed from inventory that are deemed out of sequence, flawed, or misprinted and not returned to the supplier must be cancelled to ensure that they are not utilized in the play of a bingo game.

H. Bingo cards that are removed from inventory and returned to the supplier or cancelled must be logged as removed from inventory.

I. Bingo cards associated with an investigation must be retained intact outside of the established removal and cancellation policy.

J. The inventory of bingo cards must be tracked and logged from receipt until use or permanent removal from inventory.

K. The bingo card inventory record(s) must include:

1. Date;
2. Shift or session;

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3. Time;
4. Location;
5. Inventory received, issued, removed, and returned;
6. Signature or initials and employee identification number of employee performing transaction;
7. Signature or initials and employee identification number of employee performing the reconciliation;
8. Any variance;
9. Beginning and ending inventory; and
10. Description of inventory transaction being performed.

5.2 Bingo Card Sales/Distribution

- A. Employees who sell or distribute bingo cards must not be the sole verifier of bingo cards for prize payouts.
- B. In order to adequately record, track, and reconcile sales/inventory of bingo cards the following information must be documented:
 1. Date;
 2. Shift or session;
 3. Number of bingo cards issued, sold, and returned;

4. Dollar amount of bingo card sales;
 5. Signature or initials and identification number of the employee preparing the record; and
 6. Signature or initials and identification number of the employee who verified the bingo cards returned to inventory and dollar amount of the bingo card sales.
- C. Bingo card sale voids must be processed in accordance with the rules of the game and established controls that must include the following:
1. Patron refunds;
 2. Adjustments to bingo card sales to reflect voids;
 3. Adjustment to bingo card inventory;
 4. Documentation of the reason for the void; and
 5. Authorization for all voids.

5.3 Draw

- A. Controls must be established and procedures implemented to ensure that all eligible objects used in the conduct of the bingo game are available to be drawn and have not been damaged or altered.

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LIVE BINGO

- B. Verification of physical objects must be performed by two employees before the start of the first bingo game/session. At least one of the verifying employees must be a supervisor or independent of the bingo games department.
- C. Where the selection is made through an electronic aid, certification in accordance with CNGC technical standards is acceptable for verifying the randomness of the draw and satisfies the requirements of paragraph 5.3 (A) of this section.
- D. Controls must be established and procedures implemented to provide a method of recall of the draw, which includes the order and identity of the objects drawn, for dispute resolution purposes.
- E. Controls must be established and procedures implemented for the verification and display of the draw, that ensures:
 - 1. The identity of each object drawn is accurately recorded and transmitted to the participants. The procedures must identify the method used to ensure the identity of each object drawn.
 - 2. For all games offering a prize payout of \$1,200 or more, as the objects are drawn, the identity of the objects are immediately recorded and maintained for a minimum of 24 hours.

5.4 Prize Payouts

- A. Controls must be established and procedures implemented for cash or cash equivalents that address the following:
 - 1. Identification of the employee authorized (by position) to make a payout;
 - 2. Predetermined payout authorization levels (by position) to make a payout; and
 - 3. Documentation procedures ensuring separate control of the cash accountability functions.
- B. Controls must be established and procedures implemented to verify that the following is valid for the game in play prior to payment of a winning prize:
 - 1. Winning card(s);
 - 2. Objects drawn; and
 - 3. The previously designated arrangement of numbers or designations on such cards, as described in 25 U.S.C. 2703 (7) (A).
- C. At least two employees must verify that the card, objects drawn, and previously designated arrangement were valid for the game in play.
- D. Where an automated verification method is available, verification by such method is acceptable.

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- E. For manual payouts, at least two employees must determine the validity of the claim and verify that the winning pattern has been achieved on the winning card prior to payment of a prize.
- F. For manual payouts, a computer validation/verification system may serve as one of the verifying employees, but may not substitute for a supervisory or management authorization/signature.
- G. For automated payouts, the system may serve as the sole validation/verification method.
- H. At least two employees, one of whom must be a supervisor, must authorize, sign, and witness all manual prize payouts above Five Hundred Dollars (\$500).
- I. Manual prize payouts above the following thresholds (or a lower threshold, as authorized by management and approved by CNGC) must require one of the two signatures and verifications to be a manager independent of the bingo operations:
1. Five Thousand Dollars (\$5,000) for a Tier A facility;
 2. Ten Thousand Dollars (\$10,000) for a Tier B facility;
 3. Twenty Thousand Dollars (\$20,000) for a Tier C facility; or
 4. Fifty Thousand Dollars (\$50,000) for a Tier C facility with over
- \$100,000,000 in gross gaming revenues.
- J. Payment authorization thresholds and authorization limits, not to exceed the limits established in 5.4 (H) and (I) of this section, must be authorized by management by job title/position and approved by the CNGC, documented, and maintained.
- K. Payout records must include the following information:
1. Date and time;
 2. Amount of the payout; and
 3. Bingo card identifier;
 4. Game name or number;
 5. Description of the pattern covered (e.g. cover-all or four corners);
 6. Signature or initials and employee identification number of all, but not less than two employees involved in the transaction;
 7. For override transactions, verification by a supervisory or management employee independent of the transaction; and
 8. Any other information necessary to substantiate the payout.
- L. Cash payout limits shall be established in accordance with the

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gaming machine payout standards in Section 12 – Casino Instruments & Exchanges.

5.5 Technological Aids and Bingo Equipment

- A. Controls must be established and procedures implemented to safeguard the integrity of technological aids and bingo equipment used in the play of live bingo.
- B. Technological aids and certain bingo equipment used in live bingo are subject to the standards in Section 7 - Gaming Systems in regards to Independent Testing Lab (ITL) certification, CNGC approval, installations, operations, modifications, removal and retirement (as applicable).
- C. For other equipment, such as consoles/ blowers, bingo balls, electronic bingo monitoring devices, etc., procedures shall be established, as approved by the CNGC, to include the following:
 - 1. Access to controlled bingo equipment shall be restricted to authorized persons;
 - 2. Bingo equipment shall be maintained and checked for accuracy on a periodic basis;
 - 3. Standards relating to the inspection of new bingo balls put into play, as well as for those in use.

- 4. Procedures to retire, remove, dispose, or destroy equipment, which shall include securing the equipment and documenting the removal.

D. For equipment malfunctions, procedures must be implemented to investigate, document, and resolve malfunctions. Such procedures must address the following:

- 1. Determination of the event causing the malfunction;
- 2. Review of relevant records, game recall, reports, logs, surveillance records;
- 3. Repair or replacement of the component or equipment; and
- 4. Verification of the integrity of the component or equipment before restoring to operation.

E. Class II gaming system bingo card sales. In order to adequately record track and reconcile sales of bingo cards, the following information must be documented from the server (this is not required if the system does not track the information, but the system limitation(s) must be noted):

- 1. Date;
- 2. Time;
- 3. Number of bingo cards sold;
- 4. Dollar amount of bingo card sales; and,

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5. Amount in, amount out, and other associated meter information.

5.6 Other Standards

- A. General controls over supervisions, cash handling, variances, etc. (as applicable) shall include those standards in Section 4 – General Provisions.
- B. In addition to these standards, promotions involving live bingo games shall adhere to those standards in Section 16 – Marketing Programs.

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6.1 Pull Tab Inventory

Controls must be established and procedures implemented to ensure that:

- A. Access to pull tabs is restricted to authorized employees;
- B. The pull tab inventory is controlled by employees independent of pull tab sales;
- C. Pull tabs exchanged between employees are secured and independently controlled.
- D. Increases or decreases to pull tab inventory are recorded, tracked and reconciled; and,
- E. Pull tabs are maintained in a secure location, accessible only to authorized employees, and with surveillance coverage adequate to identify persons accessing the area.

6.2 Pull Tab Sales

- A. Controls must be established and procedures implemented to record, track, and reconcile all pull tab sales and voids.
- B. When pull tab sales are recorded manually, total sales must be verified by an employee independent of the pull tab sales being verified.
- C. No person may have unrestricted access to pull tab sales records.

6.3 Winning Pull Tabs

- A. Controls must be established and procedures implemented to record, track, and reconcile all redeemed pull tabs and pull tab payouts.
- B. The redeemed pull tabs must be defaced so that they cannot be redeemed for payment again.
- C. Pull tabs that are uniquely identifiable with a machine readable code (including, but not limited to a barcode) may be redeemed, reconciled, and stored by kiosks without the need for defacing, so long as the redeemed pull tabs are secured and destroyed after removal from the kiosk in accordance with the procedures approved by the CNGC.
- D. At least two (2) employees must document and verify all prize payouts above Six Hundred Dollars (\$600.00) or lower threshold as authorized by management and approved by the CNGC.
 - 1. An automated method may substitute for one (1) verification.
 - 2. The predetermined threshold must be authorized by management, approved by the CNGC, documented, and maintained.
- E. Total payout must be calculated and recorded by shift.

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PULL TABS

6.4 Pull Tab Operating Funds

- A. All funds used to operate the pull tab game must be accounted for and recorded and all transfers of cash and/or cash equivalents must be verified.
- B. All funds used to operate the pull tab game must be independently counted and verified by at least two (2) employees and reconciled to the recorded amounts at the end of each shift or session.

6.5 Statistical Records

- A. Statistical records must be maintained, including (for games sold in their entirety or removed from play) a win-to-write hold percentage as compared to the expected hold percentage derived from the flare.
- B. A manager independent of the pull tab operations must review statistical information when the pull tab deal has ended or has been removed from the floor and must investigate any unusual statistical fluctuations. These investigations must be documented, maintained for inspection, and provided to the CNGC upon request.
- C. The operation must establish, as approved by the CNGC, the threshold level at which a statistical variance must be reviewed to determine the cause. Any such review must be documented.

6.6 Revenue Audit

Standards for revenue audit of pull tabs are contained in Section 22 – Revenue Audit.

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GAMING SYSTEMS

7.1 Standards for Gaming Systems

- A. This standard shall set forth procedural requirements for the procurement, installation, operation maintenance, modifications, and removal and/or retirement of gaming machines and Gaming Systems, including the requirements for interior access and the security of system software.
- B. These procedures shall be followed in conjunction with the Cherokee Nation Gaming Commission (CNGC) Gaming Systems Activity Rule and Regulation and at a minimum comply with any technical specifications and other regulatory requirements set forth by the CNGC.
- C. For this section only, credit or customer credit means a unit of value equivalent to cash or cash equivalent deposited, wagered, won, lost, or redeemed by a customer.
- D. For all computerized gaming systems, a personnel access listing shall be maintained, which includes at a minimum the following:
 - 1. Employee name, title, and employee number; and,
 - 2. Listing of functions employee can perform or equivalent means of identifying the same.

7.2 Certification and Approval

- A. Any manufacturer, distributor, or supplier of a gaming system(s) for purchase, lease, or any other use or storage at any licensed gaming facility must submit a completed vendor license application and licensure fee to the CNGC and receives a vendor license from the CNGC, prior to the sale, lease and delivery of any gaming system(s).
- B. Management shall ensure that all agreements/contracts entered into to provide gaming system(s) shall contain language requiring the vendor to comply with the standards in this section applicable to the goods and services the vendor is providing. All agreements / contracts verbal or written shall be submitted and placed on file with the CNGC.
- C. A gaming test laboratory is a laboratory agreed to and designated in writing by the CNGC as competent and qualified to conduct scientific tests and evaluations on electronic gaming systems, devices, and related equipment.
- D. Per Tribal-State Compact, only a nationally recognized laboratory may be used to conduct and evaluate gaming systems used for certification of compact games.
- E. All gaming systems and related equipment, including system interfaces used for accounting and player tracking purposes must be approved by the CNGC, which may

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also require certification by a gaming laboratory.

7.3 Security of System Software

- A. Logic boards or game server software, with all programmed storage media or software pre-installed by the manufacturer may be shipped installed in the game device(s) with the initial purchase and transportation.
- B. Programmed storage media shipped separate from the logic board and any subsequent shipments of programmed storage media (upgrades or replacements) shall be shipped from the manufacturer or supplier directly and only to the CNGC according to the CNGC Gaming Systems Activity Rule and Regulation.
- C. The CNGC shall compare signatures generated by verification programs to the signatures provided in the independent test laboratory letter for the software version prior to and/or during installation. No game may be placed in service prior to verification and release by the CNGC.
- D. Any variances found during the software verification process will be investigated and resolved prior to releasing any gaming system and/or gaming machine for public play.
- E. The CNGC shall maintain possession of game and payout control media in

a secure place and issue to operations as approved and scheduled.

- F. Upon testing and validating the programmed storage media (as applicable) the CNGC Agent(s) shall witness the installation of the media on the logic board or in the microprocessor compartment and shall date, initial, and secure in place with pre-numbered tamper resistant/evident tape.
- G. Gaming system operations personnel shall under no circumstances be authorized to own or possess any equipment, device or apparatus capable of reproducing, cloning, copying, programming or otherwise producing any programmed storage media which control any aspect of the operation, play, or payout of any gaming device, unless otherwise approved by the CNGC.
- H. At least annually, procedures shall be performed and prescribed by the CNGC to insure the integrity of any gaming devices and/or components of the system, program EPROMs, or other equivalent game software media.
- I. Under no circumstances shall any accounting meter(s) on any gaming device be cleared without the express consent and authorization of the CNGC. In the event that the clearing of meters is authorized, it will be done only in the presence of a CNGC Agent(s), at which time the meter readings shall be recorded before and after the clearing exercise

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and a record of explanation for the reason the clearing is made. These records shall be distributed as follows:

1. Original to the CNGC, and,
2. Copy to Accounting.

7.4 Installation

A. The CNGC shall establish procedures governing the shipping, receiving, and installation of all hardware and software components. Such procedures shall include:

1. A communications procedure between the supplier, the casino operation, and the CNGC to properly control the shipping and receiving of all software and hardware components. Such procedures shall include:
 - a. Notification of pending orders/shipments made by the casino operation;
 - b. Certification in accordance with all applicable technical standards;
 - c. Notification from the supplier to the CNGC, or the casino operation as approved by the CNGC, of the shipping date and expected date of delivery. The shipping notification shall include, but is not limited to:

- i. Name and address of the supplier;
- ii. Description of the shipment;
- iii. A serial number (as applicable);
- iv. For software: software version and description of software;
- v. Method of shipment; and,
- vi. Expected date of delivery.

2. A procedure for the exchange of gaming system components for maintenance and replacement.
3. The CNGC must receive all gaming system components and game play software packages and verify the contents against the shipping notification.
4. Gaming system components must be shipped in a secure manner to deter unauthorized access.

B. Delivery of any gaming device at any licensed gaming facility shall be made with all devices in tamper proof sealed containers and shall have complied with all applicable shipping requirements contained in the CNGC Gaming Systems Activity Rule and Regulation.

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C. Upon delivery of any gaming devices to any licensed facility, no one shall break the seal of any delivery, nor shall any device be removed from the shipping container without the physical presence and/or authorization of a CNGC agent.

D. The CNGC Agent shall take possession of all keys to all locks on all devices.

1. If locks are already installed on devices upon delivery, CNGC Agent(s) shall take possession of all keys as the devices are removed from the container.
2. If locks are installed at some point after delivery, CNGC Agent(s) shall be present at the time of lock installation and collect all keys at that time.
3. Certain keys shall be verified to the proper locking mechanism, logged, and issued to the casino operation (Security), where proper key controls shall be adhered to under Section 15 - Key and Access Controls.
4. CNGC Agent(s) shall have sole possession of all keys to the logic board areas, or areas where programmable storage media are located which control the game or payouts. Any area where programmable storage media are located with or without separate locking mechanisms, CNGC Agent(s) shall inspect (date and initial) and seal the area with pre-

numbered tamper resistant/evident tape that is maintained in the possession of the CNGC at all times.

E. The installation of the gaming system for play at any licensed gaming facility shall be done by qualified technicians. Prior to putting any gaming machine or device in play, the following shall be required:

1. Appropriate device(s) shall be connected to a data monitoring system.
2. All gaming devices shall have the following features:
 - a. Following a power failure the device shall be able to continue the game with no data loss.
 - b. Display an accurate representation of each game outcome.
 - c. Not capable of subjecting a player to physical hazards.
 - d. Equipped with surge protectors on a line that feeds the power to the device.
 - e. Equipped with an on / off switch that controls the electrical current used in the operation of the device.
3. Game control program storage media shall be tested, validated, and sealed in place on its logic

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- board or microprocessor compartment with tamper resistant/evident tape, by a CNGC Agent(s) and installation technician.
4. The system shall be inspected by CNGC Agent(s) for compliance as indicated by the vendor/distributor and as approved by the CNGC. Special attention will be given to all independently keyed locks.
 5. The licensed gaming facility and the CNGC will jointly make and maintain a comprehensive list of all game servers and gaming machines/player interfaces which will include, but not be limited to:
 - a. Facility;
 - b. Date acquired;
 - c. Date placed into service;
 - d. Date made available for play;
 - e. The name of the Supplier and/or Vendor;
 - f. The name of the manufacturer of each device;
 - g. The gaming facility's and the CNGCs ID # assigned to each machine;
 - h. Floor location;
 - i. Cabinet type;
 - j. The manufacturer's serial number(s);
 - k. Gaming classification (Class II or Compact);
 - l. Display type (video/mechanical);
 - m. System/machine leased or owned;
 - n. The model type/theme of the gaming machine;
 - o. The game(s) available on each machine,
 - p. Credit denomination(s);
 - q. Software version;
 - r. Software media seal number(s);
 - s. Bill validator;
 - t. Paytable ID #;
 - u. Paytable percentage;
 - v. Progressive Type (as applicable);
 - w. Operating system;
 - x. Server Version (as applicable); and
 - y. Initial meter readings.
 6. The licensed gaming facility will prepare a detailed floor plan

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clearly depicting the exact location of every gaming machine, which shall be updated and submitted to the CNGC on a regular basis.

7.5 End-User Testing

A. End-user testing shall be conducted for any change made to the gaming system or individual device that meet the following:

1. Installation or change out of game software media;
2. New software downloads/upgrades to game media or for critical components;
3. Terminal malfunctions, hard shut downs, or disaster recovery;
4. RAM Clears;
5. Changes to device configurations and/or settings critical to game play and/or accounting; and,
6. As required, for large jackpot hits.

B. Every gaming system/device shall be individually / functionally tested to confirm the following:

1. That bill validators are accurately reading and crediting currency and/or tickets, which are inserted in exchange for gaming credits, and bill validation components and storage/processing units are

properly secured to prevent tampering;

2. That tickets and/or vouchers are printing and accurately recording information from the device;
3. Meters are incrementing accurately at the device;
4. That game(s) play as programmed and as approved in the game description provided to the CNGC, including verification of denominations, pay tables, and progressives / bonus configurations.
5. All buttons and interactive components are functioning and accurately reflect their purpose.
6. All critical components are safely installed and all other required locking mechanisms are secure and functioning.
7. That the device is accurately communicating with the on-line game server/data system in all required parameters such as:
 - a. All accounting data recording,
 - b. Meter readings accurately recording,
 - c. Player tracking data is accurately recording, and
 - d. All sensor switches are accurately recording.

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C. Test results shall be recorded for each device and/or component of the gaming system and shall be designated as follow:

1. **Pass** – machine or component device passed all required tests and is ready for production.
2. **Soft Fail** – machine or component device failed certain tests that require only minor repairs prior to production. Machine/device may be repaired by technician and put into play.
3. **Hard Fail** – machine or component device failed tests related to game play or accountability. Machine and/or device requires changes to software and/or media, major configuration or setting changes, or is generally unreliable in its current state and may be irreparable. If machine/device is repaired it must be re-tested prior to putting the machine into production.

D. The department and/or individuals responsible for end-user testing shall not have access to gaming machine software or critical components.

E. The department and/or individuals that conduct end-user testing shall be responsible for certifying game operability prior to live play.

F. For wide area progressive (WAP) installations additional testing may

be required from the WAP service provider.

7.6 Display of Pay Table, Rules, and Disclaimers

- A. The odds and/or prize structure shall be capable of being displayed on the gaming machine.
- B. The rules of play needed by the player to execute the operation of the gaming machine, and necessary disclaimers shall be capable of being displayed on the gaming machine at all times.

7.7 In-House Progressive Gaming Machine

- A. A meter that shows the amount of the progressive jackpot shall be conspicuously displayed at or near the machines to which the jackpot applies.
- B. At least once each day, each casino operation shall record the amount shown on each progressive jackpot meter at the operation.
- C. Explanations for meter reading decreases shall be maintained with the progressive meter reading sheets, and where the payment of a jackpot is the explanation for a decrease, the casino operation shall record the jackpot payout number on the sheet or have the number reasonably available.

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- D. Each casino operation shall record the base amount of each progressive jackpot the casino operation offers and submit to the CNGC.
- E. The CNGC shall approve procedures specific to the transfer of progressive amounts in excess of the base amount to other gaming machines. Such procedures may also include other methods of distribution that accrue to the benefit of the gaming public via an award or prize.

7.8 Wide-Area Progressive Gaming Machine

- A. A meter that shows the amount of the progressive jackpot shall be conspicuously displayed at or near the machines to which the jackpot applies.
- B. As applicable to participating casino operations, the WAP gaming machine system shall be adequately restricted to prevent unauthorized access (e.g., changing passwords at least quarterly, restrict access to game software media, and restrict physical access to computer hardware, etc.)
- C. The CNGC shall approve procedures for the WAP system that:
 - 1. Reconcile meters and jackpot payouts;
 - 2. Collect/drop gaming machine funds;

- 3. Verify jackpot, payment, and billing to casino operations on pro-rata basis;
- 4. System maintenance;
- 5. System accuracy; and
- 6. System security.

- D. Reports, where applicable, adequately documenting the procedures required in paragraph 7.11 (C) of this section shall be generated and retained.

7.9 Retirement and/or Removal of Gaming Machines

- A. The CNGC shall establish procedures governing the retirement and removal of any or all associated components of a gaming system from operation.
- B. Such procedures shall include the following:
 - 1. For gaming machines/player interfaces and components that accept cash or cash equivalents:
 - a. Coordination with the drop team to perform a final drop;
 - b. Collection of final accounting information such as meter readings, drop and payouts;
 - c. Remove and/or secure any or all associated equipment such as locks, card reader, or ticket

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- printer from retired or removed component; and
 - d. Document removal, retirement, and/or destruction.
2. For removal of software components:
- a. Purge, destroy storage media, and/or return the software to the software license holder/owner; and
 - b. Document the removal.
3. For all components:
- a. Verify that unique identifiers and description of removed/retired components are recorded as part of the retirement documentation; and
 - b. Coordinate with the accounting department to properly retire the component in system records.
- C. Where the CNGC authorizes the casino operation to destroy any gaming system component, procedures must be developed to destroy such components. Such procedures must include the following:
- 1. Methods of destruction;
 - 2. Witness or surveillance of destruction;

- 3. Documentation of all components destroyed; and
- 4. Signatures of the employee(s) destroying the components attesting to destruction.

7.10 Standards for Evaluating Theoretical and Actual Hold Percentages

- A. Accurate and current theoretical hold worksheets shall be maintained for each gaming machine or group of identical machines (as applicable).
- B. For multi-game / multi-denominational gaming systems, an employee or department independent of the gaming machine department shall:
 - 1. On a weekly basis, record the bill-in meters;
 - 2. On a quarterly basis, record the bill-in meters for each pay table contained in a gaming machine or group of gaming machines; and,
 - 3. On an annual basis, adjust the theoretical hold percentage in the gaming machine statistical report to a weighted average based upon the ratio of bill-in for each game pay table.
- C. For those gaming operations that are unable to perform the weighted average calculation as required by

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paragraph B of this section, the following procedures shall apply:

1. On at least an annual basis, calculate the actual hold percentage for each gaming machine or group of gaming machines;
 2. On at least an annual basis, adjust the theoretical hold percentage in the gaming machine statistical report for each gaming machine or group of gaming machines to the previously calculated actual hold percentage; and,
 3. The adjusted theoretical hold percentage shall be within the spread between the minimum and maximum theoretical payback percentages.
- D. The adjusted theoretical hold percentage for multi-game / multi-denominational gaming machine systems may be combined for machines with exactly the same game mix throughout the year.
- E. The theoretical hold percentages used in the gaming machine analysis reports should be within the performance standards set by the manufacturer.
- F. Records shall be maintained which include win, write (sales), and win-to-write hold percentages compared to theoretical hold percentage for each gaming machine or group of

gaming machines (as applicable) as follows:

1. Each shift or session (as applicable);
 2. Each day;
 3. Month-to-date; and
 4. Year-to-date or fiscal year-to-date.
- G. A report shall be produced at least monthly showing month-to-date, year-to-date (previous twelve (12) months data preferred), and if practicable, life-to-date actual hold percentage computations for individual machines or group of machines and a comparison to each machine's theoretical hold percentage previously discussed.
- H. Records shall be maintained for each machine or group of machines indicating the dates and type of changes made and the recalculation of the theoretical hold as a result of the changes to the gaming machine, in accordance with the CNGC Gaming Systems Activity Rule and Regulation.
- I. Records shall be maintained for each machine that indicate the date the machine was placed into service, the date the machine was removed from operation, the date the machine was placed back into operation, and any changes in machine numbers and designations.

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- J. All gaming machines with bill acceptors shall contain functioning bill-in or credit-in meters, or on-line gaming machine monitoring system that captures similar data that record the dollar amounts or number of bills or credits accepted by denomination.
- K. Gaming machine in-meter readings shall be recorded daily (weekly for Tier A casino operations) immediately prior to or subsequent to a gaming machine drop. On-line gaming machine monitoring systems can satisfy this requirement. However, the time between readings may extend beyond the daily requirement in order for a reading to coincide with the end of an accounting period only if such extension is for no longer than six (6) days.
- L. The employee who records the in-meter reading shall either be independent of the soft count team or shall be assigned on a rotating basis, unless the in-meter readings are randomly verified quarterly for all gaming machines and bill acceptors by a person other than the regular in-meter reader.
- M. Upon receipt of the meter reading summary, the accounting department shall review all meter readings for reasonableness using pre-established parameters.
- N. Prior to final preparation of statistical reports, meter readings that do not appear reasonable shall be reviewed with gaming machine department employees or other appropriate designees, and exceptions documented, so that meters can be repaired or clerical errors in the recording of meter readings can be corrected.
- O. Each change to a gaming machine's theoretical hold percentage, including progressive percentage contributions, shall result in that machine being treated as a new machine in the statistical reports (i.e., not commingling various hold percentages) except for adjustments made in accordance with paragraph B of this section.
- P. If promotional payouts or awards are included on the gaming machine statistical reports, it shall be in a manner that prevents distorting the actual hold percentages of the affected machines.
- Q. The statistical reports shall be reviewed by both gaming machine department management and employees independent of the gaming machine department on at least a monthly basis.
- R. For those machines that have experienced at least one hundred thousand (100,000) wagering transactions, large variances (three percent (3%) or more) between theoretical hold and actual hold shall be investigated and resolved by a department independent of the gaming machine department with the findings documented and provided to the CNGC in a timely manner. This

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does not include linked network games.

- S. Maintenance of the on-line gaming machine monitoring system data files shall be performed by a department independent of the gaming machine department. Alternatively, maintenance may be performed by gaming machine supervisory employees if sufficient documentation is generated and it is randomly verified on a monthly basis by employees independent of the gaming machine department.
- T. Updates to the on-line gaming machine monitoring system to reflect additions, deletions, or movements of gaming machines shall be made at least weekly prior to in-meter readings and the weigh process.

7.11 Gaming System Performance Standards

- A. Gaming machine accounting /auditing procedures shall be performed by Accounting and/or Audit personnel, who are independent of the transactions.
- B. For on-line gaming machine monitoring systems, procedures shall be performed at least monthly to verify that the system is transmitting and receiving data from the gaming machines properly and to verify the continuing accuracy of bill-in meter readings as recorded in the gaming machine statistical report.

- C. For each drop period, accounting/auditing employees shall compare the bill-in meter reading to the total bill acceptor drop amount for the week. Discrepancies shall be resolved before the generation/distribution of gaming machine statistical reports.
- D. Follow-up shall be performed for any one (1) machine having an unresolved variance between actual currency drop and bill-in meter reading in excess of an amount that is both more than Twenty-five Dollars (\$25.00) and at least three percent (3%) of the actual currency drop. The follow-up performed and results of the investigation shall be documented, maintained for inspection, and provided to the CNGC.
- E. At least annually, accounting / auditing personnel shall randomly verify that game software media changes are properly reflected in the gaming machine analysis report.
- F. Accounting/auditing employees shall review exception reports for all computerized gaming machine systems on a daily basis for propriety of transactions and unusual occurrences.
- G. All gaming machine auditing procedures and any follow-up performed shall be documented, maintained for inspection, and provided to the CNGC.

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7.12 Machine Interior Access

A. When accessing any interior cabinet area of any gaming machine for maintenance or repair the authorized technician must:

1. Have a Security Officer physically present to witness, or
2. Contact Surveillance prior to opening the cabinet area of the device.

B. Accessing the contents of the bill acceptor canister (at times other than The scheduled drop times) shall require the involvement of at least two (2) casino employees from separate departments for Tier A and Tier B and at least three (3) casino employees for Tier C operations, to sign out the required keys with one employee being a member of management and one employee from Security.

C. When accessing the interior of any machine for any reason the person accessing shall:

1. Prior to accessing the interior of any machine, each person must contact Surveillance before commencing activity.
 - a. Each person must state their name, ID number, the machine number, machine location, and purpose for entry.

b. Surveillance must confirm visibility before commencing sensitive activity.

c. In the event that the bill acceptor canister release and/or contents locks are either not present or not functioning, the person must immediately notify Surveillance and Security and work stopped until Security arrives.

d. In this event, the procedures for an emergency drop must be followed and the machine secured until the appropriate lock(s) are present and/or functioning.

2. Legibly complete the Machine Entry Authorization Log (MEAL) card which shall be kept in every machine that notes date, time, reason for entry (i.e. malfunction, reset) and name and employee number of person entering.

3. As necessary, the Security Officer shall be positioned on the side of the open door that gives clear view of the activity being performed by the person accessing the machine.

D. Drop team members are excluded from paragraph (C.2) above. However, the drop team shall not enter the machine interior unless a security department employee is physically present and surveillance is

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notified prior to the start of the drop activities and at the conclusion of such activities.

E. Anytime there is access to the logic board and/or microprocessor compartment to remove or replace programmed storage media on the gaming floor:

1. A CNGC Agent(s) and Surveillance shall be notified when access is required by the technician.
2. The CNGC Agent(s) shall obtain pre-numbered tamper resistant/evident tape and keys to the logic board compartment from the lock box under the CNGC control.
3. The CNGC Agent(s) shall meet at or accompany the technician to the machine and remain present for the entire duration of the repair/service.
4. The technician shall fill out MEAL ticket accordingly.
5. For WAP, access to logic board compartments on WAP machines is prohibited without the presence of both a CNGC Agent(s) and a WAP service representative.

F. All other pertinent Minimum Internal Control Standards (MICS) regarding machine access and/or key control remain in effect.

G. Failure of an employee to properly secure the locks on any machine may result in disciplinary action up to and including suspension of their gaming license.

1. In the case of a vendor, the responsible person may be excluded from the facility.
2. [Reserved].

7.13 Maintenance, Malfunctions, and Repairs

A. The casino operation shall maintain an individual maintenance history file on each gaming device in the licensed gaming facility. This history file shall be a complete record of every device from procurement to disposal. This file shall be retained on-site or an approved, secured location for a period of five (5) years, which shall:

1. Be immediately available for inspection by CNGC Agent(s) during all hours of operation,
2. Be maintained, organized, and indexed in such a manner so as to provide immediate accessibility to CNGC Agent(s), and
3. Be destroyed only after the expiration of the minimum retention period specified or upon written request and approval by the CNGC.

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B. This file shall include but not be limited to the following information:

1. Manufacturer's/Supplier's Name;
2. Manufacturer's serial number;
3. Casino ID number;
4. CNGC ID number;
5. Type of game/Game theme;
6. Procurement date;
7. Delivery date;
8. Test/Certification and put into play date; and,
9. Taken out of service date.

C. All MEAL tickets for each device shall be submitted to the CNGC at least monthly for review and retention.

D. When a gaming device malfunction occurs, the malfunction shall be reported as follows:

1. Date and time of malfunction;
2. Machine and/or server ID;
3. What the malfunction caused the machine to do and/or determination of the event causing the malfunction;
4. Review of relevant records, game recall, reports, logs, surveillance records, etc.;

5. Whether immediate repairs were made or the machine / system was shutdown pending a work order; and,

6. As applicable this information may be recorded on the MEAL ticket or work order as required.

E. Specific records (Work orders, etc.) of maintenance or repair activity conducted on the gaming machine/device shall include at a minimum:

1. A detailed description of the work performed and/or parts replaced;
2. Reason for work;
3. Date and time work was done;
4. Name and ID number (as applicable) of person performing the work; and
5. Verification of the integrity of the gaming component before restoring it to operation.

F. CNGC agents are allowed to have machines shut down, dropped, audited, and checked if needed. If a machine appears to be malfunctioning and cannot be immediately repaired have the machine shut down until repairs can be made.

G. Any malfunction where phantom credits are present, the wrong denomination shows in payout or

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credit form, false meter readings are provided, duplicate tickets are printed, or any other occurrence of this nature, shall be reported to an on-site CNGC Agent immediately.

- H. Whereas a CNGC Agent may not be readily available, the CNGC shall be notified within twenty-four (24) hours and the occurrence shall be adequately documented and the gaming machine shut down, until a determination can be made regarding machine integrity.
- I. Only licensed and trained employees and authorized vendor representation (with appropriate ID) shall be authorized to access, maintain, or repair gaming devices.
- J. It shall be a violation of this regulation for anyone to perform any of the following without the express written authorization from the CNGC:
 - 1. Make any modification to any hardware or software that has not been previously approved by the CNGC.
 - 2. Install any new components other than those approved by the CNGC.
 - 3. Disable, disengage, or otherwise make inoperable, any switch, sensor or equipment.

- A. Controls for acceptance and payment of instruments used in wagering and other transactions and other cash handling procedures for gaming systems are contained within Section 12 – Casino Instruments and Exchanges and Section 4 – General Provisions.
- B. The procedures for the collection of the gaming machine drop and the count thereof shall comply with Section 13 – Drop and Count.
- C. Additional key control requirements for gaming systems are contained within Section 15 – Key and Access Controls.
- D. When gaming machines have the capability to issue points for an in-house player tracking system as an award system for play, the standards in Section 18 for Player Tracking shall apply.
- E. Access credential control methods and other relevant controls must adhere to Section 21 – Information and Technology.
- F. Standards for revenue audit of gaming systems are contained within Section 22 – Revenue Audit.

7.14 Other Standards

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8.1 General Table Games Standards

A. The CNGC or casino operation as approved by the CNGC, shall establish and the casino operation shall comply with procedures for the operation of table games (including qualifying games in a tournament format), which shall include provisions for the following:

1. Game security and protection;
2. Opening/closing game procedures;
3. Inspecting new cards;
4. Currency exchanges, (Currency bets are strictly prohibited with exclusion of coin used for commission fee only);
5. Chip changes/conversions;
6. Chip handling procedures (including placement);
7. Permissible wagers/placement;
8. Toke/tip bets;
9. Proving hands and dispute resolution;
10. Pay and take procedures;
11. Shuffle procedures;
12. Card delivery, placement, and collection; and,

13. Table wagering limits which shall be displayed on each table.

- B. Administrative/commission fees shall be kept separate from wagers.
- C. These procedures shall be given to surveillance for oversight of game play and may not be changed without CNGC approval.
- D. CNGC approved rules governing Qualifying and Tournament Games for games played in tournament format shall be conspicuously displayed. Tournament rules shall be displayed on each table.
- E. Tournaments shall be publicized at least thirty (30) days in advance and shall state the following:
 1. Tournament dates/times, inclusive of qualifying rounds;
 2. Prize amounts to be awarded, including promotional payouts; and
 3. Points required to qualify for tournament play.
- F. All funds contributed in qualifying games into the player pool shall be returned when won in accordance with approved procedures, with no commission withheld. Reimbursement for related expenses may be deducted from the player pool based upon reasonableness. All reimbursements must be properly documented. Copies of reimbursement documentation shall

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be submitted to the CNGC on a monthly basis.

8.2 Fill and Credit Standards

- A. Requests/orders for fills and credits shall be in at least duplicate form. Fill slips and Credit slips shall be in at least triplicate form. Both forms shall be maintained in a continuous numerical series, and pre-numbered and concurrently numbered in a form utilizing the alphabet and only in one series at a time. The alphabet need not be used if the numerical series is not repeated during the business year.
- B. Unissued and issued requests/orders and Fill/Credit slips shall be safeguarded and adequate procedures shall be employed in the distribution, use and control of same.
 - 1. Unissued requests/orders for fills and credits shall remain in inventory control until transferred to the pit department. The cage cashier department shall not have access to unissued forms.
 - 2. Unissued Fill/Credit slips shall be kept in cage accountability upon receipt. The pit department shall not have access to unissued forms.
- C. When a Fill/Credit slip is voided, the cashier shall clearly mark "void" across the face of the original and first copy, the cashier and one other

person independent of the transactions shall sign both the original and first copy, and shall submit them to the accounting department for retention and accountability.

- D. Fill transactions shall be authorized by pit supervisory personnel before the issuance of Fill slips and transfer of chips, or cash equivalents. The two-part fill request shall be completed as follows:
 - 1. One part shall be taken to the cage where the request shall be processed, and
 - 2. One part shall remain on the table until the fill is completed, then deposited in the table drop box.
- E. At least three parts of each Fill slip shall be utilized as follows:
 - 1. One part shall be transported to the pit with the fill and, after the appropriate signatures are obtained, deposited in the table game drop box,
 - 2. One part shall be retained in the cage for reconciliation of the cashier bank, and
 - 3. For computer systems, one part shall be retained in a secure manner to ensure that only authorized persons may gain access to it. For manual systems, one part shall be retained in a

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- secure manner in a continuous unbroken form.
- F. For Tier B and C casino operations, the part of the Fill slip that is placed in the table game drop box shall be of a different color for fills than for credits, unless the type of transaction is clearly distinguishable in another manner (the checking of a box on the form shall not be a clearly distinguishable indicator).
- G. The correct game date, time, table number, shift, and amount of fill by denomination and in total shall be noted on all copies of the fill request and the Fill slip.
- H. All fills shall be carried from the cashier's cage by a person who is independent of the cage or pit. Surveillance shall be notified of all fill transactions.
- I. The Fill slip shall be signed by at least the following persons (as an indication that each has counted the amount of the fill and the amount agrees with the Fill slip):
1. Cashier who prepared the Fill slip and issued the chips or cash equivalent;
 2. Runner who carried the chips or cash equivalents from the cage to the pit;
 3. Dealer who received the chips or cash equivalents at the gaming table;
4. Pit supervisory personnel who supervised the fill transaction; and,
 5. Pit supervisory personnel shall not function as a dealer during that gaming day.
- J. Fill shall be broken down and/or verified by the dealer in public view before the dealer places the fill in the table tray.
- K. All slips requesting chips or cash shall be prepared at the time a fill is made.
- L. A copy of the Fill slip shall then be deposited into the table game drop box by the dealer, where it shall appear in the soft count room with the cash receipts for the shift.
- M. When table credits are transacted, a two-part order for credit shall be prepared by the pit supervisor for transferring chips or cash equivalents from the pit to the cashier area or other secure area of accountability.
- N. The duplicate copy of an order for credit shall be retained in the pit to check the Credit slip for proper entries and to document the total amount of chip and cash equivalents removed from the table. Upon verification the order for credit and Credit slip shall be deposited to the table drop box.
- O. At least three parts of each Credit slip shall be utilized as follows:

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1. Two parts of the Credit slip shall be transported by the runner to the pit. After signatures of the runner, dealer, and pit supervisor are obtained, one copy shall be deposited in the table game drop box and the original shall accompany transport of the chips or cash equivalents from the pit to the cage for verification and signature of the cashier, and
 2. For computer systems, one part shall be retained in a secure manner to ensure that only authorized persons may gain access to it. For manual systems, one part shall be retained in a secure manner in a continuous unbroken form.
- P. The correct game date, time, table number, shift, and the amount of credit by denomination and in total shall be noted on all copies of the order for credit and the Credit slip.
- Q. Chips and/or cash equivalents shall be removed from the table tray by the dealer and shall be broken down and verified by the dealer in public view prior to placing them in racks for transfer to the cage.
- R. All chips and cash equivalents removed from the tables shall be carried to the cashier's cage by a person who is independent of the cage or pit.
- S. The Credit slip shall be signed by at least the following persons (as an indication that each has counted):
1. Cashier who received the items transferred from the pit and prepared the Credit slip;
 2. Runner who carried the items transferred from the pit to the cage;
 3. Dealer who had custody of the items prior to transfer to the cage;
 4. Pit supervisory personnel who supervised the credit transaction; and,
 5. Pit supervisory personnel shall not function as a dealer during that gaming day.
- T. The Credit slip shall be inserted in the table game drop box by the dealer.
- U. Chips or other cash equivalents shall be deposited on or removed from gaming tables only when accompanied by the appropriate Fill/Credit slip.
- V. Cross fills (the transfer of chips between table games) and even cash exchanges are PROHIBITED in the pit.

8.3 Table Inventory Forms

- A. At the close of each shift, for those table banks that were opened during that shift:

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1. The table's chip inventory shall be counted and recorded on a table inventory form; or
 2. If the table banks are maintained on an imprest basis, a final fill or credit shall be made to bring the bank back to par.
- B. If final fills are not made, beginning and ending inventories shall be recorded on the master game sheet for shift win calculation purposes.
- C. Variances between the closing and opening table inventory shall be documented and investigated, results shall be maintained for Commission inspection. Table inventory variances of One Hundred Dollars (\$100.00) or more shall be reported directly to the CNGC.
- D. The accuracy of inventory forms prepared at shift end shall be verified by the outgoing pit supervisor and the dealer. Alternatively, if the dealer is not available, such verification may be provided by another pit supervisor or another supervisor from another gaming department. Verifications shall be evidenced by signature and employee number on the inventory form.
- E. If inventory forms are placed in the drop box, such action shall be performed by a person other than a pit supervisor.

8.4 Table Game Computer Generated Document Standards

- A. The computer system shall be capable of generating adequate documentation of all information recorded on the source documents and transaction details (e.g., Fill/Credit slips etc.).
- B. This documentation shall be restricted to authorized personnel.
- C. The documentation shall include, at a minimum:
1. System exception information (e.g., appropriate system parameter information, corrections, voids, etc.); and
 2. Personnel access listing, which includes, at a minimum:
 - a. Employee name or employee identification number (if applicable); and
 - b. Listing of functions employees can perform or equivalent means of identifying the same that shall be communicated to the CNGC.

8.5 Standards for Playing Instruments

- A. The following standards shall apply to playing cards:
1. Both used and unused, shall be maintained in a secure location to

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- prevent unauthorized access and reduce the possibility of tampering.
2. Used cards shall be marked immediately following removal from play then maintained in a secure location until “scored” or “destroyed” to prevent unauthorized access and reduce the possibility of tampering. A destruction method shall be approved by the CNGC.
 3. The CNGC, or the casino operation as approved by the CNGC, shall establish and the operation shall comply with a reasonable time period, which shall not exceed seven (7) days, within which to cancel or destroy cards. This standard shall not apply where playing cards are retained for an investigation.
 4. A card control log shall be maintained that documents when cards are received on site, distributed to and returned from tables, and removed from the casino operation, including method of disposition and/or destruction.
 5. A separate log shall be maintained in the pit for replacement decks, which shall designate the replacement deck, include date, table number, card replaced, reason for replacement, and authorization. Original cards (if available) shall be marked and
- maintained until the replacement deck is retired.
6. Notwithstanding paragraph (A) (3) of this section, if a casino operation uses plastic cards (not plastic-coated cards), the cards may be used for up to three months if the plastic cards are washed or cleaned in a manner and time frame approved by the CNGC.
- B. The following standards shall apply to chips including monetary equivalent chips and non-value chips:
1. Both used and unused, shall be maintained in a secure location to prevent unauthorized access and to reduce the possibility of tampering.
 2. Documentation and accounting controls shall be in place to record when chips are received on site, distributed to and returned from tables, and removed from the casino operation. The CNGC shall be notified in advance when new chips are to be received and/or when chips are removed from the casino operation.
 3. Marred or damaged chips shall be maintained in a secure location until destroyed in a manner approved by the CNGC.

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8.6 Standards for Supervision

- A. Supervision shall be provided at all times while table games are in operation by personnel with authority greater than those being supervised.
- B. The Table gaming area (Pit) shall be considered a highly secured area, which may only be accessed by authorized personnel. Surveillance shall be notified, prior to entrance into this area, of any authorized personnel other than on-duty table game employees.

8.7 Analysis of Table Game Performance

- A. Records reflecting hold percentage by table and type (number of decks) shall be maintained by shift, by day, cumulative month-to-date, and cumulative year-to-date.
- B. This information shall be presented to and reviewed by management independent of the pit department on at least a monthly basis.
- C. The management in paragraph (B) of this section shall investigate any unusual fluctuations in hold percentage with pit supervisory personnel.
- D. The results of such investigations shall be documented, maintained for inspection, and provided to the CNGC.

8.8 Accounting and Auditing Standards

- A. The accounting and auditing procedures shall be performed by personnel who are independent of the transactions being audited/accounted for.
- B. If a table game has the capability to determine drop (e.g., bill-in drop meters, bill acceptor, computerized record, etc.) the dollar amount of the drop shall be reconciled to the actual drop by shift.
- C. Accounting/auditing employees shall review exception reports for all computerized table games systems at least monthly for propriety of transactions and unusual occurrences.
- D. All noted improper transactions or unusual occurrences shall be investigated with the results documented and provided to the CNGC.
- E. Evidence of table games auditing procedures and any follow-up performed shall be documented, maintained for inspection, and provided to the CNGC.
- F. A daily recap shall be prepared for the day and month-to-date, which shall include the following information by table and in total:
 - 1. Opening and closing inventory;
 - 2. Fills and credits;

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3. Drop;
 4. Win (Player pool);
 5. Hold percentage; and,
 6. Commission (fees).
- G. This information shall be reviewed by management personnel independent of the casino operation on a monthly basis.

8.9 Other Standards

- A. Points awarded for qualifying games shall adhere to the standards in Section 18 – Player Tracking System, as applicable.
- B. The procedures for the collection of the table game drop and the count thereof shall comply with Section 13 – Drop and Count, as applicable to the tier level of operation.

8.10 Impermissible Table Game Transactions

- A. Personal checks or other name credit instruments may not be accepted in the pit.
- B. No foreign currency will be accepted in the pit.