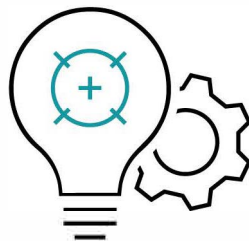


F&C CPAs



RESOURCE KIT: INTERNAL AUDITS
















Innovation & Expertise
Upon History & Heritage



Casino Operations

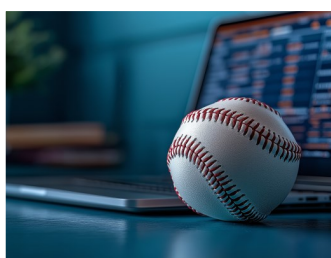
Risk Assessment: Where Do You Stand?

See how you measure up against real audit checks.

Section	Question	Low	Medium	High
General Casino Operations	Casino Square Footage	 <10,000 sq. feet	 10K to 50K sq. feet	 >50,000 sq. feet
Table	Use of Progressive Jackpots	 None	 1-2 Tables	 Multiple or Large
Drop & Count	Number of Drop Teams	 1 Team	 2 Teams	 Multiple or had-co Teams
Marketing	Number of Marketing Staff	 1-3	 4-8	 < 8
Accounting F&C CPAs	Automated vs Manual Accounting Systems	 Mostly Automated, Robust Internal Audit Resource Kit	 Mix of Software /Spreadsheets	 Primarily Manual or Outdated V632

AI's Moneyball Moment for Auditing

Smarter tools, sharper insight, and a whole new way to think about risk.



In 2011, Brad Pitt and Jonah Hill starred in *Moneyball*. Based on true events, the plot centers around two guys who are working to change how decisions are made for a baseball franchise. Their stance is that analytics and science can drive more effective decisions and will lead to more desirable results. Tribal gaming faces a similar transformation—AI may become our 'Moneyball' moment, revolutionizing internal audits and helping casinos manage evolving compliance and cybersecurity challenges with new precision and insight.

Old Habits, New Possibilities

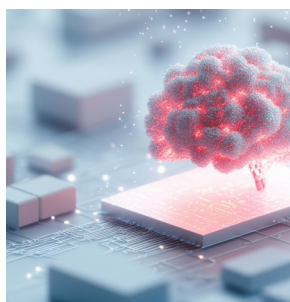
In *Moneyball*, we see the struggle in trying to get people to change their way of thinking. The old school mentality was that you evaluate players based on feel for the game and measurable attributes like size and speed. Historically, auditors have depended on sample testing and checklists to determine if casinos are complying with internal controls effectively. Assuming operations are building internal controls that are more robust than the minimum controls, the regulatory framework that effectively protects the assets of the Tribe and the integrity of gaming are complex. Artificial intelligence can offer new insight into the world of compliance—insights that should not, theoretically, be intended to catch the operation in an issue of non-compliance, but more effectively identify and resolve areas of risk.

“Adapt or die.”

- Billy Beane,
Moneyball

Beyond Checklists: AI in Action

Without diving into the types of AI that are relevant or detailing how it works, let's consider some real-life applications of AI in auditing. One example is the use of AI to identify potentially fraudulent activity. As mentioned above, auditors have depended on sample testing to identify anomalies. With AI, an auditor can analyze enormous volumes of transactions and uncover irregularities. From there, the auditor can use meaningful judgment and expertise to determine if these findings need closer attention or if a potential issue of non-compliance is potentially related to fraud. In this case, instead of analyzing 20% of the transactions, ALL transactions are reviewed, and the audit resources are focused on the anomalies. In a similar example, “smart” surveillance systems can now monitor and flag when suspicious activity is occurring on the gaming floor. Machine learning and computer vision allow for real-time analysis of issues, offering insight into how unusual activity is identified and addressed by the operation.



AI can analyze 100% of transactions, versus just 10-20% in traditional sample testing.

(Source: Industry averages cited in audit AI case studies)

AI's Moneyball Moment for Auditing

Getting Ahead of the Risk

Looking ahead, AI has even greater potential to enhance Tribal gaming audits. Consider predictive analytics—a concept not so different from how Moneyball's Billy Beane used statistics to anticipate player performance before stepping onto the field. AI could proactively monitor operational data to anticipate compliance risks before they turn into actual issues. Instead of auditing reactively, Tribal gaming auditors could use AI to receive early warnings about areas likely to encounter compliance hurdles, allowing casinos to address these concerns proactively. Additionally, automated risk management through AI could prioritize audit activities based on dynamic, real-time risk assessments, enabling auditors to focus their valuable time and resources on the areas of greatest importance. In this way, auditors shift from routine transaction checks to strategic, forward-looking roles that better protect the Tribe's assets and gaming integrity.



Dialing in risk before it becomes a problem.

Judgment Still Matters

While AI offers tremendous advantages, it is essential to remember that auditors must always prioritize independence, objectivity, professional skepticism, and their expertise above technology. AI is not a replacement for auditor judgment but rather a resource to enhance auditors' capabilities. Auditors must remain vigilant in critically assessing AI-generated insights, ensuring they apply professional skepticism to challenge assumptions and validate outcomes. By keeping their professional standards at the forefront, auditors can leverage AI to more efficiently identify risks and strengthen compliance, without compromising the integrity of their audit process.

“AI shouldn’t replace auditors—it should free them up to focus on what really matters.”

Smart Tools - Smarter Auditors

The landscape of Tribal gaming audits continues to evolve, driven by compliance complexities and emerging cybersecurity risks. As we’ve explored, AI offers powerful tools to help auditors navigate this changing environment more effectively. However, success is not simply about adopting new technologies—it’s about auditors thoughtfully integrating AI with unwavering commitment to independence, objectivity, and professional expertise. By embracing AI responsibly and strategically, auditors can elevate their capabilities, strengthen compliance efforts, and safeguard Tribal assets, ensuring they're not just keeping pace, but confidently staying ahead in a rapidly changing world.



The game has changed. And so have the stakes.



F&C CPAs

finley-cook.com

Rethinking Auditing. Reinforcing Integrity. Rooted in People.

Auditing is changing, and so are the needs of the people behind it. F&C CPAs works alongside Tribal governments and enterprises to meet evolving challenges with care, clarity, and a forward-thinking mindset. We're not here to impress with buzzwords or titles—we're here to listen, to learn, and to help. Whether it's navigating risk, embracing new technology, or strengthening compliance, we focus on building trust and delivering value where it matters most.

*If you're rethinking what auditing can be,
we'd like to talk.*



Doug Parker, MBA, BSA

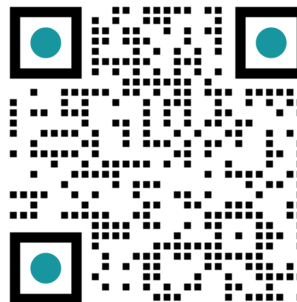
Phone: 405-395-5106

Cell: 405-401-9010

Email: dparker@finley-cook.com




About The Author

Doug Parker is a trusted consultant at F&C CPAs with over 15 years of experience in the gaming industry. Known for his honest approach and practical insights, Doug helps Tribes and their enterprises navigate complex compliance challenges, operational risks, and strategic planning. Whether he's guiding a team through a regulatory shift or teaching from real-life experience, Doug leads with one goal: to make things better. His passion lies not in selling solutions, but in helping clients find the right one.



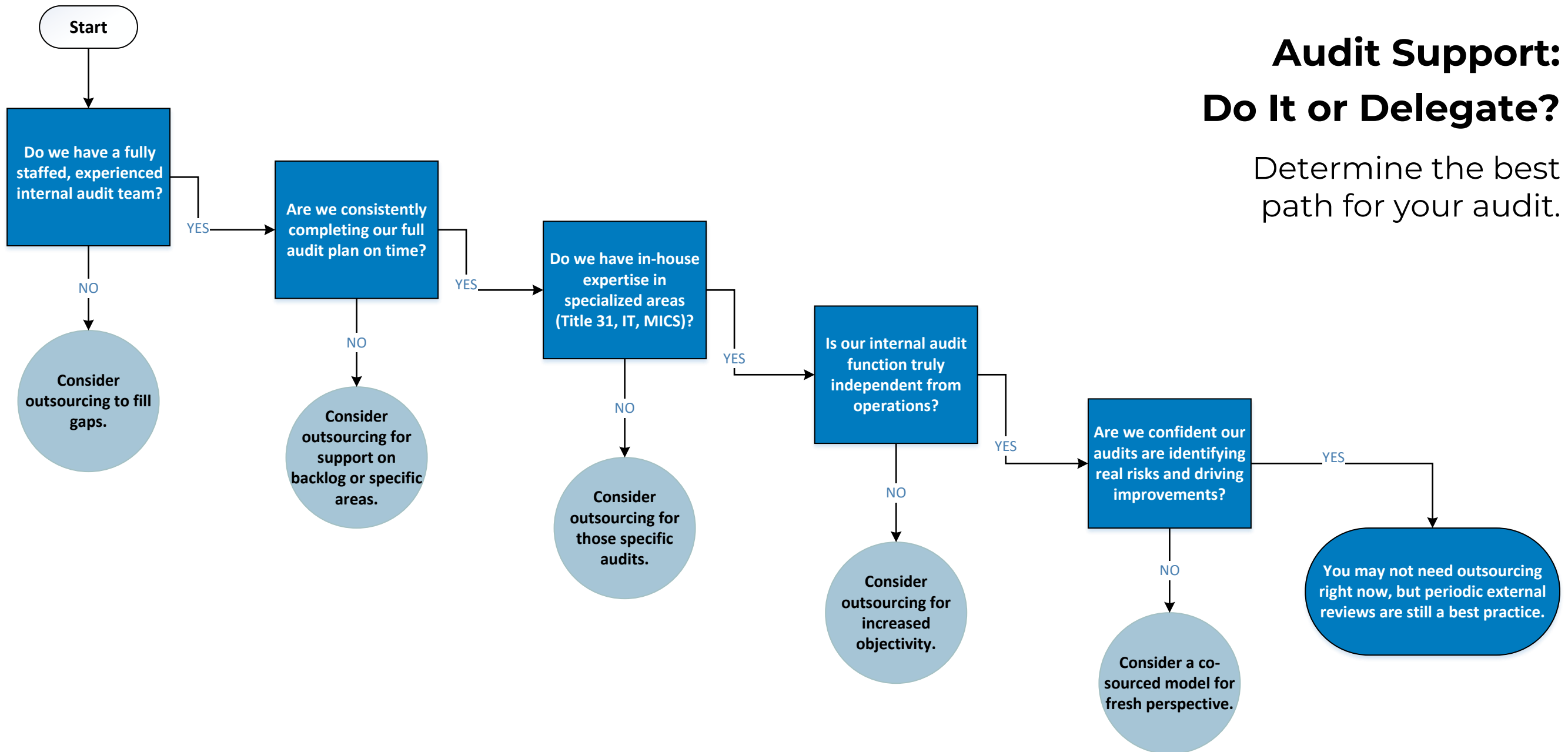
**Scan to connect
with Doug.**

**Save his contact
info directly to
your phone.**

PERFORMANCE METRICS GUIDE				
This guide outlines key performance indicators (KPIs) to measure the effectiveness of internal audits, including audit timeliness, risk coverage, issue resolution, and stakeholder satisfaction. Each KPI has benefits and pitfalls—such as incentivizing speed over quality or focusing too heavily on financial impacts.				
KPI		Description	Calculation	<div></div> <div>Potential Pitfalls</div> <div>May incentivize rushing audits, compromising quality; doesn't reflect audit depth. Depends on accurate risk classification; may miss emerging risks. Long durations could reflect thoroughness; short could indicate superficial work; outliers skew average. May discourage reporting persistent issues; relies on consistent finding classification. Quantity doesn't indicate significance; could lead to frivolous recommendations. Focus on easy fixes; deadlines may be unrealistic; quality of remediation not measured. Long times may reflect complexity; short times may indicate superficial fixes; outliers distort average. Varies by auditor judgment; inconsistent escalation thresholds; may overuse escalation. Estimates can be inaccurate; some impacts are hard to quantify; overemphasis on financials. Survey bias; small sample sizes; satisfaction may not correlate with true effectiveness. Acceptance doesn't guarantee implementation; may discourage challenging recommendations. Self reported proficiency; may overemphasize tool use over audit judgment.</div>
Percentage of Required Audits Completed On Time	Proportion of scheduled audits finished by their planned deadline.	(Audits completed on time / Total scheduled audits) × 100		
Percentage of High-Risk Areas Audited	Coverage of audits in areas classified as high-risk.	(High risk areas audited / Total high risk areas) × 100		
Average Time to Complete an Audit	Average duration from audit start to completion.	Sum of (completion date – start date) for all audits / Number of audits		
Percentage of Repeat Findings from Prior Audits	Proportion of findings that were previously identified in prior audits.	(Repeat findings / Total findings) × 100		
Number of Policy or Procedural Changes Recommended	Count of recommendations for changes to policies or procedures.	Count of distinct policy/procedure change recommendations		
Percentage of Findings Addressed Within Deadline	Timeliness of remediation actions against agreed deadlines.	(Findings remediated by deadline / Total findings) × 100		
Average Time to Resolve Audit Findings	Average time from reporting a finding to its resolution.	Sum of (resolution date – report date) for all findings / Number of findings		
Percentage of Findings Requiring Escalation	Proportion of findings escalated to higher management due to severity.	(Escalated findings / Total findings) × 100		
Estimated Financial Impact of Audit Findings	Total monetary value associated with identified findings.	Sum of estimated financial impact for all findings		
Casino Management Satisfaction with Internal Audit Process	Stakeholder satisfaction level with the audit process and outcomes.	Average score from management satisfaction surveys (e.g., 1–5 scale)		
Percentage of Audit Recommendations Accepted by Management	Proportion of audit recommendations agreed to be implemented by management.	(Accepted recommendations / Total recommendations) × 100		
Software System Utilization and Proficiency	Effectiveness and frequency of audit software use and user proficiency.	(% of tasks using software × avg. proficiency rating) / 100		
<div></div> <div>Note: The Certification Performance Impact is a blended, subjective calculation. Unlike the direct metrics above, it averages improvements across audit time, accuracy, and satisfaction to estimate certification benefits. Results can vary based on experience, complexity, and sample size.</div>				
Certification Performance Impact	Measures the performance difference between certified and non-certified auditors across key metrics (audit duration, repeat findings, and management satisfaction).	1. Divide audit staff into Certified vs. Non Certified groups. 2. For each group, compute: - Avg. Audit Duration (days) - Repeat Finding Rate (% of findings that are repeats) - Average Management Satisfaction (1–5 scale) 3. Calculate Improvement Percentages: - Time Improvement: ((Non Certified Avg Duration - Certified Avg Duration) / Non Certified Avg Duration) × 100 - Accuracy Improvement: ((Non Certified Repeat Rate - Certified Repeat Rate) / Non Certified Repeat Rate) × 100 - Satisfaction Improvement: ((Certified Satisfaction - Non Certified Satisfaction) / Max Scale) × 100 4. Certification Performance Impact = (Time Improvement % + Accuracy Improvement % + Satisfaction Improvement %) / 3	<div></div> <div>Sample-size bias, confounding factors, and the fact that certification does not always equal real-world competence. Also, performance differences might be due to experience or case complexity rather than certification alone.</div>	

Audit Support: Do It or Delegate?

Determine the best path for your audit.



REQUEST FOR PROPOSAL (RFP) OUTSOURCING INTERNAL AUDIT SERVICES

Issued By:

[Tribal Gaming Commission or Organization Name]

[Address]

[City, State, ZIP Code]

[Contact Name]

[Phone Number]

[Email Address]

Date of Issue: [MM/DD/YYYY]

Proposal Due Date: [MM/DD/YYYY]

I. INTRODUCTION

[Tribe or Gaming Commission Name] (hereafter referred to as "the Commission") is requesting proposals from qualified firms to provide **internal audit services** for its gaming and non-gaming operations. The selected firm will assist in evaluating and strengthening internal controls, ensuring compliance with applicable laws and regulations, and providing risk-based auditing services.

II. SCOPE OF WORK

The selected firm will perform internal audit functions, including but not limited to:

1. **Regulatory Compliance Audits:** Ensure adherence to National Indian Gaming Commission (NIGC) Minimum Internal Control Standards (MICS), Tribal Gaming Ordinances, and other applicable regulations.
2. **Follow-Up Audits:** Assess corrective actions taken in response to prior audit findings.
3. **Reporting:** Provide detailed reports with findings, recommendations, and corrective action plans.

III. QUALIFICATIONS AND REQUIREMENTS

Proposing firms must demonstrate:

- Experience in tribal gaming internal audits and compliance assessments.
- Knowledge of NIGC MICS, Generally Accepted Auditing Standards (GAAS), and Generally Accepted Government Auditing Standards (GAGAS).

- Ability to provide independent, objective, and confidential audit services.
- Licensing and certification in accordance with tribal, state, and federal regulations.
- References from at least three tribal gaming clients.

IV. PROPOSAL SUBMISSION REQUIREMENTS

Interested firms must submit proposals including the following:

1. **Company Profile:** Overview of the firm, history, and tribal gaming experience.
2. **Team Qualifications:** Resumes of key personnel assigned to the project.
3. **Approach and Methodology:** Description of audit approach, tools, and techniques used.
4. **Fee Structure:** Proposed fees, including hourly rates and estimated total costs.
5. **References:** Contact information for three tribal gaming clients.
6. **Legal Disclosures:** Any potential conflicts of interest or litigation history.

V. EVALUATION CRITERIA

Proposals will be evaluated based on the following criteria:

- Experience and expertise in tribal gaming internal audits (30%)
- Quality and comprehensiveness of the audit approach (25%)
- Cost-effectiveness of the proposal (20%)
- Qualifications of audit team (15%)
- References and past performance (10%)

VI. TIMELINE

- **RFP Issuance Date:** [MM/DD/YYYY]
- **Deadline for Questions:** [MM/DD/YYYY]
- **Proposal Submission Deadline:** [MM/DD/YYYY]
- **Vendor Selection and Notification:** [MM/DD/YYYY]
- **Project Start Date:** [MM/DD/YYYY]

VII. SUBMISSION INSTRUCTIONS

Proposals must be submitted **electronically** or in **hard copy** by [time] on [date] to: [Tribal Gaming Commission Contact Name]
[Address]
[Email Address]
[Phone Number]

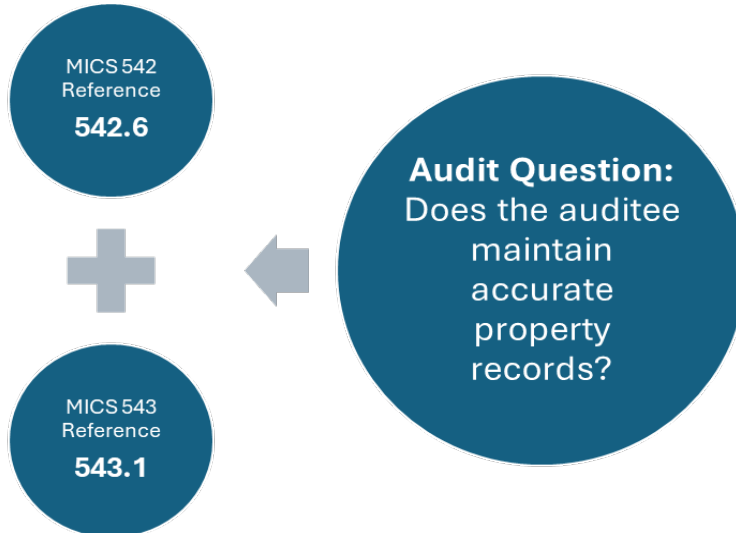
VIII. RIGHTS AND DISCLAIMERS

- The Tribe reserves the right to reject any or all proposals.
- The Tribe is not responsible for any costs incurred in preparing proposals.
- The selected firm must comply with all applicable tribal, state, and federal laws.

MICS 543 & 542 Crosswalk: Regulatory Alignment Guide

This guide identifies audit questions where compliance requirements overlap between MICS 543 and MICS 542. Use this crosswalk to quickly reference how one audit answer may satisfy multiple regulatory standards.











EXAMPLE:



Audit Question		MICS 542 Reference		MICS 543 Reference
Does the auditee maintain accurate property records?	➡	542.6	+	543.1
Is property disposition in accordance with federal and tribal requirements?	➡	542.9	+	543.6
Is prior approval obtained before disposition of federally purchased property?	➡	542.9	+	543.8
Do the physical bingo card inventory controls address the placement of orders, receipt, storage, issuance, removal, and cancellation of bingo card inventory?	➡	542.7	+	543.8(b)(1)(i)
Do bingo card inventory records include the date received, quantities received, and the name of the individual(s) conducting the inspection?	➡	542.6	+	543.8(b)(2)(ii)
Does the bingo card inventory record include all required transaction details (date, time, inventory activity, signatures, variances, etc.)?	➡	542.6	+	543.8(b)(6)(ii)
Are currency/coin shipments documented and verified with supporting logs and signatures?	➡	542.7	+	543.20(e)(2)
Are Minimum and Maximum Table Limits (MTL/STL) reviewed and matched to supporting system reports?	➡	542.6	+	543.20(f)(1)
Has the gaming operation developed a SICS, approved by TGRA, to implement the TICS?	➡	542.2	+	543.3(c)
Is supervision provided over agents approving complimentary services by someone with equal or greater authority?	➡	542.17(a)	+	543.13(a)
Are controls implemented for: authorization levels, limits and conditions, changes to those limits, and documentation of comps?	➡	542.17(a)	+	543.13(b)(1–4)
Are records maintained for high-value comps (name, issuer, value, type, date)?	➡	542.17(b)	+	543.13(b)(4)(i)
Has the gaming operation established, with TGRA approval, a comp threshold level at which a variance must be reviewed?	➡	542.17(a)	+	543.13(d)
Are at least three individuals conducting the drop, including one from security and one independent of the revenue generation area?	➡	542.6	+	543.18(c)(1)
Is the drop performed at least once every seven days, or is there documentation for alternative schedules?	➡	542.6	+	543.18(b)(1)
Is count room access restricted to authorized personnel only?	➡	542.5	+	543.19(a)(1)
Are at least three individuals conducting the count, all independent of the cage and drop functions?	➡	542.6	+	543.19(b)(1)
Are count results documented, verified by two individuals, and variances investigated?	➡	542.6, 542.17	+	543.19(c)(2)
Is surveillance monitoring the drop and count continuously?	➡	542.5	+	543.21(b)
Are employees involved in drop and count properly trained and are training records maintained?	➡	542.2	+	543.23
Has the TGRA established and implemented TICS that meet or exceed MICS Part 543?	➡	542.1, 542.3	+	543.3(b)
Are access and changes to the gaming machine accounting system properly logged and restricted?	➡	542.2	+	543.2
Is the verification of EPROM signature or program authenticity performed as required?	➡	542.7(c)(1)	+	543.4(c)(1)
Are software versions documented and reviewed periodically for changes?	➡	542.7(c)(2)	+	543.4(c)(2)

Are alternate procedures in place if the signature verification tool becomes inoperable?	➡	542.7(f)	+	543.4(f)
Are jackpot and fill slips generated and properly accounted for?	➡	542.9(e)(1)	+	543.9(e)(1)
Are voided transactions documented and signed by two employees?	➡	542.9(e)(5)	+	543.9(e)(5)
Are all gaming machine drop procedures followed, including transport and storage?	➡	542.9(g)(2)	+	543.9(g)(2)
Are access logs to gaming machine accounting systems maintained and reviewed?	➡	542.10(e)	+	543.10(e)
Is the reconciliation of coin in, coin out, and drop data performed accurately and timely?	➡	542.12(d)	+	543.12(d)
Are variance thresholds established, documented, and followed?	➡	542.13(b)(1)	+	543.13(b)(1)
Are duties adequately segregated and monitored to prevent procedural errors or fraud?	➡	542.2(b)(2)	+	543.20(a)(3)
Are controls in place for physical and logical access to IT systems supporting Class II gaming?	➡	542.13(a)(2)	+	543.20(c)(1)
Is the IT environment maintained in a secure location with restricted access?	➡	542.13(a)(1)	+	543.20(d)(1)
Are access restrictions in place for software, data, and communications tied to Class II gaming systems?	➡	542.13(a)(3)	+	543.20(e)(1)(i-iii)
Are systems secured with passwords or other access controls?	➡	542.13(j)(1)(i)	+	543.20(f)(1)
Are access credentials unique to each user and include assignment details, dates, and authorization levels?	➡	542.13(a)(3), 542.13(j)(1)	+	543.20(f)(3)(i-iii)
Are terminated user access credentials deactivated in a timely manner?	➡	542.2(b)(3)	+	543.20(f)(5)
Is remote access documented with full session and authorization details?	➡	542.13(j)(1)(ii)	+	543.20(h)(1)(i-vii)
Are daily backups of critical systems performed and secured?	➡	542.13(i)(2)	+	543.20(j)(1)(i-v)
Are recovery procedures tested at least annually and documented?	➡	542.13(i)(4)	+	543.20(j)(3)
Are internal auditors independent of the operations they audit?	➡	542.42(a)(1)	+	543.23(c)(2)
Do internal auditors report to the Tribe, TGRA, or Audit Committee, not management?	➡	542.42(a)(2)	+	543.23(c)(3)
Is documentation (checklists, programs, reports) prepared for all audit work and follow-up?	➡	542.42(c)(1)	+	543.23(c)(4)
Do audit reports include objectives, scope, findings, conclusions, recommendations, and management response?	➡	542.42(d)(2)	+	543.23(c)(5)
Are all material exceptions investigated and resolved with results documented?	➡	542.42(e)	+	543.23(c)(6)
Are audit findings reported and responded to by management, and included in the final report?	➡	542.42(f)(1)-(3)	+	543.23(c)(7)
Are follow-up reviews conducted within six months to verify corrective action?	➡	542.42(b)(2)	+	543.23(c)(8)
Has the CPA verified audit completion, findings, follow-up, and management responses?	➡	542.42(b)(1)	+	543.23(d)(3)(i)(A-E)
Are all instances of noncompliance documented in the CPA's report with narrative, exceptions, and sample size?	➡	542.42(c)(2)	+	543.23(d)(4)
Is supervision provided during gaming promotions and player tracking operations by appropriately authorized personnel?	➡	542.13(j)(1)(i)	+	543.12(a)
Are the rules of the gaming promotion posted or made available?	➡	542.13(j)(1)(i)	+	543.12(b)

Are changes to promotional systems controlled by supervisory agents or independently verified monthly?	➡	542.13(j)(1)(ii)	+	543.12(c)(1)
Are all changes to the player tracking system appropriately documented?	➡	542.13(j)(1)(v)	+	543.12(c)(2)
Is supervision provided over revenue audit staff by an agent with equal or greater authority?		542.19(a)	+	543.24(a)
Are audits performed by agents independent of the transactions being audited?	➡	542.13(m)(1), 542.12(j)(1)	+	543.24(b)
Are audit procedures documented, maintained, and followed up when exceptions are found?	➡	542.19(a), 542.13(m)(10)	+	543.24(c)
Are manual point additions/deletions in player tracking reviewed for proper authorization?	➡	542.13(j)(1)(ii)	+	543.24(d)(4)(ii)(A)
Are player tracking system exception reports (e.g., account transfers) reviewed monthly?	➡	542.13(j)(1)(iv)	+	543.24(d)(4)(ii)(B)
Is access to inactive/closed player tracking accounts reviewed monthly?	➡	542.13(j)(1)(v)	+	543.24(d)(4)(ii)(C)
Is an annual independent review of player tracking system configuration parameters performed and documented?	➡	542.13(j)(1)(iv)	+	543.24(d)(4)(iii)
Are complimentary items reviewed for compliance with authorization thresholds and reports submitted monthly?	➡	542.17(c)	+	543.24(d)(5)
Is computerized key access for drop/count reviewed quarterly, with unusual activity investigated and documented?	➡	542.41(t)(3)	+	543.24(d)(8)(iii)(A–C)
Is cage accountability reconciled monthly to the general ledger?	➡	542.14(g)(1)	+	543.24(d)(9)(i)
Are cage deposits reconciled monthly to bank statements?	➡	542.14(g)(1)	+	543.24(d)(9)(ii)
Are annual counts of all gaming funds (e.g., kiosks, vaults, booths) performed and reconciled to documentation?	➡	542.14(d)(3), 542.14(g)(1)	+	543.24(d)(9)(iii)
Are exception reports for computerized cage systems reviewed and improper transactions investigated/documented?	➡	542.14(g)(1)	+	543.24(d)(9)(vii)
Is inventory (cards, forms, keys) verified monthly for issuance and use?	➡	542.13(h)(10), 542.19(a)	+	543.24(d)(10)(i)
Has the gaming operation established and received TGRA approval for variance thresholds, and are excess variances reviewed?	➡	542.14(g)(1), 542.17(c)	+	543.17(k)
Are count variances reconciled and investigated by revenue audit/accounting?	➡	542.14(g)(1), 542.13(m)(7)	+	543.17(g)(13–16)
Is backup power available and capable of restoring surveillance system operation immediately during power loss?	➡	542.43(e)	+	543.21(b)(6)(ii)
Does the surveillance system record an accurate date and time stamp on recordings?	➡	542.43(f)	+	543.21(b)(7)
Are surveillance personnel trained in equipment, games, and house rules?	➡	542.43(g)	+	543.21(b)(8)
Are cameras installed to prevent obstruction, tampering, or disabling?	➡	542.43(h)	+	543.21(b)(9)
Does the surveillance system support simultaneous viewing/recording and sufficient camera coverage?	➡	542.43(i)	+	543.21(b)(10)(i–iv)
Are malfunctions documented, repaired within 72 hours, and reported to TGRA if not?	➡	542.43(j), 542.43(j)(1)	+	543.21(b)(11), (i–ii)
Does the system monitor and record bingo ball draw activity with dedicated camera coverage?	➡	542.43(k)(1)–(2)	+	543.21(c)(2)(i–ii)

Are card games and tournaments monitored with cameras that capture card values and table activities?		542.43(l)		543.21(c)(3)(i-ii)
Are all cage and vault activities monitored, including fills, credits, cashier stations, and transaction areas?		542.43(s)(1)-(3), 542.43(t)(1)		543.21(c)(4)(i-iii)
Does the surveillance system monitor count rooms, equipment, and manipulation attempts clearly?		542.43(u)(1), (u)(3)		543.21(c)(5)(i-ii)
Are recordings retained for 7 days minimum and those involving suspicious activity kept for one year?		542.43(w)(1)-(2)		543.21(e)(1-2)
Are logs maintained for retention standards, surveillance activities, and malfunctions?		542.43(x), 542.43(y)(1-2), 542.43(z)		543.21(f)(1-3)