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AUTHORITY: 25 U.S.C. 2702(2), 2706(b)(1–4), 2706(b)(10).

SOURCE: 77 FR 58712, Sept. 21, 2012, unless otherwise noted.

§ 543.1 What does this part cover?

This part establishes the minimum internal control standards for the conduct of Class II games on Indian lands as defined in 25 U.S.C. 2701 *et seq.*

§ 543.2 What are the definitions for this part?

The definitions in this section apply to all sections of this part unless otherwise noted.

Accountability. All financial instruments, receivables, and patron deposits constituting the total amount for which the bankroll custodian is responsible at a given time.

Agent. A person authorized by the gaming operation, as approved by the TGRA, to make decisions or perform assigned tasks or actions on behalf of the gaming operation.

Automated payout. Payment issued by a machine.

Cage. A secure work area within the gaming operation for cashiers, which may include a storage area for the gaming operation bankroll.

Cash equivalents. Documents, financial instruments other than cash, or anything else of representative value to which the gaming 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 gaming 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.

Chair. The Chair of the National Indian Gaming Commission.

Class II gaming. Class II gaming has the same meaning as defined in 25 U.S.C. 2703(7)(A).

Class II gaming system. All components, whether or not technologic aids in electronic, computer, mechanical, or other technologic form, that function together to aid the play of one or more Class II games, including accounting functions mandated by these regulations or part 547 of this chapter.

Commission. The National Indian Gaming Commission, established by the Indian Gaming Regulatory Act, 25 U.S.C. 2701 *et seq.*

Complimentary services and items. Services and items provided to a patron at the discretion of an agent on behalf of the gaming operation or by a third party on behalf of the gaming 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, shift, or other period.

Count room. A secured room where the count is performed in which the cash and cash equivalents are counted.

Coupon. A financial instrument of fixed wagering value, that can only be used to acquire non-cashable credits through interaction with a voucher system. This does not include instruments such as printed advertising material that cannot be validated directly by a voucher system.

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

Dedicated camera. A video camera that continuously records a specific activity.

Drop box. A locked container in which cash or cash equivalents are placed at the time of a transaction, typically used in card games.

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

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

Financial instrument. Any tangible item of value tendered in Class II game play, including, but not limited to bills, coins, vouchers, and coupons.

Financial instrument storage component. Any component that stores financial instruments, such as a drop box, but typically used in connection with player interfaces.

Gaming promotion. Any promotional activity or award that requires game play as a condition of eligibility.

Generally Accepted Accounting Principles (GAAP). A widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board (FASB), including, but not limited to, the standards for casino accounting published by the American Institute of Certified Public Accountants (AICPA).

Generally Accepted Auditing Standards (GAAS). A widely accepted set of standards that provide a measure of audit quality and the objectives to be achieved in an audit, as established by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA).

Governmental Accounting Standards Board (GASB). Generally accepted accounting principles used by state and local governments.

Independent. The separation of functions to ensure that the agent or process monitoring, reviewing, or authorizing the controlled activity, function, or transaction is separate from the agents or process performing the controlled activity, function, or transaction.

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

Lines of credit. The privilege granted by a gaming operation to a patron to:

(1) Defer payment of debt; or

(2) Incur debt and defer its payment under specific terms and conditions.

Manual payout. Any non-automated payout.

Marker. A document, signed by the patron, promising to repay credit issued by the gaming operation.

MICS. Minimum internal control standards in this part.

Network communication equipment. A device or collection of devices that controls data communication in a system including, but not limited to, cables, switches, hubs, routers, wireless access points, landline telephones and cellular telephones.

Patron. A person who is a customer or guest of the gaming operation and may interact with a Class II game. Also may be referred to as a "player."

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.

Player interface. Any component(s) of a Class II gaming system, including an electronic or technologic aid (not limited to terminals, player stations, handhelds, fixed units, etc.), that directly enables player interaction in a Class II game.

Prize payout. Payment to a player associated with a winning or qualifying event.

Promotional progressive pots and/or pools. Funds contributed to a game by and for the benefit of players that are distributed to players based on a predetermined event.

Shift. A time period, unless otherwise approved by the tribal gaming regulatory authority, not to exceed 24 hours.

Shill. An agent financed by the gaming operation and acting as a player.

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

Sufficient clarity. The capacity of a surveillance system to record images at a minimum of 20 frames per second or equivalent recording speed and at a resolution sufficient to clearly identify

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the intended activity, person, object, or location.

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 equipment used for surveillance.

SICS (System of Internal Control Standards). An overall operational framework for a gaming 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 gaming operation and protect its assets from unauthorized access, misappropriation, forgery, theft, or fraud.

Tier A. Gaming operations with annual gross gaming revenues of more than \$3 million but not more than \$8 million.

Tier B. Gaming operations with annual gross gaming revenues of more than \$8 million but not more than \$15 million.

Tier C. Gaming operations with annual gross gaming revenues of more than \$15 million.

TGRA. Tribal gaming regulatory authority, which is the entity authorized by tribal law to regulate gaming conducted pursuant to the Indian Gaming Regulatory Act.

TICS. Tribal Internal Control Standards established by the TGRA that are at least as stringent as the standards set forth in this part.

Vault. A secure area where cash and cash equivalents are stored.

Voucher. A financial instrument of fixed wagering value, usually paper, that can be used only to acquire an equivalent value of cashable credits or cash through interaction with a voucher system.

Voucher system. A system that securely maintains records of vouchers and coupons; validates payment of vouchers; records successful or failed payments of vouchers and coupons; and

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controls the purging of expired vouchers and coupons.

[77 FR 58712, Sept. 21, 2012, as amended at 78 FR 63874, Oct. 25, 2013]

§ 543.3 How do tribal governments comply with this part?

(a) *Minimum standards.* These are minimum standards and a TGRA may establish and implement additional controls that do not conflict with those set out in this part.

(b) *TICS.* TGRAs must ensure that TICS are established and implemented that provide a level of control that equals or exceeds the applicable standards set forth in this part.

(1) *Evaluation of existing TICS.* Each TGRA must, in accordance with the tribal gaming ordinance, determine whether and to what extent their TICS require revision to ensure compliance with this part.

(2) *Compliance date.* All changes necessary to ensure compliance with this part must be promulgated within twelve months of the effective date of this part and implemented at the commencement of the next fiscal year. At the discretion of the TGRA, gaming operations may have an additional six months to come into compliance with the TICS.

(c) *SICS.* Each gaming operation must develop a SICS, as approved by the TGRA, to implement the TICS.

(1) *Existing gaming operations.* All gaming operations that are operating on or before the effective date of this part, must comply with this part within the time requirements established in paragraph (b) of this section. In the interim, such operations must continue to comply with existing TICS.

(2) *New gaming operations.* All gaming operations that commence operations after the effective date of this part must comply with this part before commencement of operations.

(d) *Variations.* Where referenced throughout this part, the gaming operation must set a reasonable threshold, approved by the TGRA, for when a variance must be reviewed to determine the cause, and the results of the review must be documented and maintained.