

Colorado Limited Gaming Control Commission
Internal Control Minimum Procedures (ICMP)

SECTION 16

ELECTRONIC PROMOTIONAL CREDIT SYSTEMS (EPCS)

A. GENERAL

Refer to Rule 12 in the Colorado Limited Gaming Regulations for regulations related to electronic promotional credit systems.

“Electronic promotional credit system” (EPCS) means a system of components, hardware, software and communication technology that securely transmits credits to and from a slot machine in the form of electronic promotional credits. EPCS are any systems that maintain electronic promotional credits. EPCS allow patrons to play slot machines using a player card with a magnetic strip to download credits to a slot machine. EPCS gaming transactions at the slot machine are entirely electronic.

EPCS require the use of an approved slot monitoring system to affect the electronic transfer of promotional credits directly to or from a slot machine.

All EPCS must be approved by the Division prior to use by a licensee. Licensees that want to use an EPCS through the slot monitoring system are required to notify the Division in writing. A Notification of System Install/Upgrade Form prior to the installation/upgrade and the Intent to Test Form with the anticipated go-live date is to be submitted a minimum of 30 days prior to the installation/upgrade. The notification form is located on the Division’s website.

All slot machines enabled with electronic promotional credit functionality must be readily identifiable by patrons.

Electronic promotional credits transferred to the slot machine must be recognized as electronic drop (or E-Drop) by the licensee and reported as such on the gaming tax return.

Electronic Promotional Credits Restrictions

There are two types of electronic promotional transactions; cashable electronic promotional (CEP) credits, redeemable for cash, and non-cashable electronic promotional (NCEP) credits which are not redeemable for cash and must be played in a slot machine.

In the event that a slot machine can offer both CEP and NCEP credits available for patron play, all NCEP credits must be wagered before any CEP credits may be wagered. CEP credits can be cashed out at any time.

Electronic promotional credits downloaded transfers may not exceed \$100 for a single transaction. Credits must download to a slot machine in increments of at least \$1.00 or the denomination of the game.

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No winning wager from a slot machine, including a winning wager made with NCEP credits, shall be paid with NCEP credits.

Licenseses must provide notice to the patron of any restrictions specific to NCEP credits.

Electronic Promotional Credit System (EPCS) Standards

The EPCS must maintain a complete audit trail of electronic promotional credit transactions for both electronic promotional credit meters and patron electronic promotional credit transactions. The system must maintain meters that monitor all electronic credits transaction activity for accounting and reconciliation purposes.

The system electronic credit meters, which are separate CEP and NCEP meters, are independent of patron electronic credit transaction information.

Electronic Promotional Credit Transfers

Patrons must access promotional offers at the slot machine through use of the player's card. The patron must insert his/her player's card, enter his/her PIN into the slot machine key pad, and select the desired amount to be transferred to the gaming slot machine credit meter.

Electronic credits associated with promotional offers may be transferred to the slot machine in incremental amounts as prescribed by the licensee not to exceed \$100. The incremental amounts transferred must be at least \$1.00 or the game denomination.

Upon transfer of electronic credits to a slot machine, the slot machine is activated for patron play and functions identically to a slot machine in standard credit play mode.

System Application Controls

The licensee must have adequate application controls in place to ensure the accuracy of data input, integrity of system processing, and validity of system output. These controls must include both the operational and accounting/reporting aspects of EPCS and must consider the controls described herein. Only licensed employees are allowed access to the EPCS.

EPCS must be controlled in a manner that precludes any one individual from fraudulently accessing promotional events and/or electronic credits associated with individual patron's membership information. Additionally, licenseses must have adequate, written backup and recovery procedures in place. These procedures must address contingency plans in the event of data loss or system failure and be applicable to systems used for any purpose related to gaming activity. The procedures must be distributed to all necessary individuals and departments and must be tested periodically to ensure effectiveness.

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Meter Information

Slot machines that utilize EPCS must have meters that increment to indicate electronic promotional credits transferred to/from the slot machine. These meters must express incrementation at the actual value (i.e., in dollars and cents).

Slot machines must have a “Cashable Electronic Promotion In” (CEP-In) meter that accumulates the total value of CEP credits electronically transferred to the slot machine from an EPCS by means of an external connection between the two.

Slot machines must have a “Non-Cashable Electronic Promotion In” (NCEP-In) meter that accumulates the total value of NCEP credits electronically transferred to the slot machine from an EPCS by means of an external connection between the two.

Slot machines must have a “Non-Cashable Electronic Promotion Out” (NCEP-Out) meter that accumulates the total value of NCEP credits electronically transferred from the slot machine to an EPCS by means of an external connection between the two.

System Access Controls

Only licensed employees may have access to the EPCS. System access controls (e.g., the use of individual logins and passwords) must be used to secure all EPCS functions. These controls must be kept current.

EPCS access privileges must be commensurate with the employees’ respective job duties.

The number of employees with access rights to adjust critical parameters must be limited. The authority to adjust critical parameters must be commensurate with the employees’ respective job duties.

See Slot Monitoring systems section of the ICMP for additional requirements.

Written Procedures

Written procedures must be in place to protect patrons’ personal identifiable information, ensure EPCS activity is appropriate, and assist in both internal and external (Division of Gaming, local police, etc.) investigations regarding patron disputes.

Setting-Up Promotions

All promotions and changes to the parameters of a promotion must be entered into the EPCS by a licensed employee.

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Establishing a PIN

Only licensed employees are allowed to set up a patron in the patron database used by EPCS. The licensee must require the patron to independently and confidentially create a secure PIN a minimum of two times; the numbers must successfully match each time entered. Licensees must have procedures in place to prevent fraudulent activity in the EPCS.

Resetting and/or Changing a Patron PIN:

A patron's PIN may only be changed when the patron is present at the point of the PIN change, (e.g., if the PIN is changed at the Cage the patron must be present at the Cage at the time of the PIN change). A patron requesting a PIN change must provide official identification verifying his/her identity at the time of the PIN change.

Accounting's Review of Electronic Drop

See the Accounting section in the ICMP for additional information.

B. TESTING REQUIREMENTS FOR EPCS

Testing

Testing consists of running the slot monitoring system parallel with a manual process. The licensee must ensure that all applicable meters are tested. Also, at any time the licensee decides to implement any additional functionality, those corresponding meters must also be tested. For example, if the licensee chooses to only utilize the CEP credit download functionality, it only needs to test the CEP-In meter and corresponding report(s). If at a later time the licensee decides to add the NCEP credit download functionality, then the NCEP-In meter and corresponding report(s) must be tested. New machine testing requirements don't apply when adding a new functionality to previously approved machines. New machine testing requirements are only applicable when interfacing new machines to an already approved functionality.

The testing is as follows:

System meter incrementation must be compared to soft (machine) meter incrementation to ensure that system meters are incrementing at the same rate as the soft meters. Any meters that do not increment do not pass testing.

A meter comparison report (MCR) must be completed which compares the manually recorded soft meter incrementation to system meter incrementation for the CEP-In meter, NCEP-In meter, and the NCEP-Out meter for each machine. Further explanation regarding MCRs and a sample of the report is found in the Slot Monitoring Section of the ICMP.

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This comparison must be performed for each machine, for every drop during the testing period. The testing period must be a minimum of four (4) drop periods (5 drops) and until 100% accuracy by meter by machine is obtained, whichever is longer. The testing period must include the last two drops of the month and the beginning drop of the subsequent month to ensure MTD and YTD information flows accurately. All variances must be identified and explanations provided. The explanation must state which meter is accurate, soft or system. For any machines that cannot pass testing within 30 days, the functionality must be disabled from those slot machines until the issues can be resolved and testing can resume. The licensee must continue to manually record soft meter readings and complete MCRs every drop period until the Division has received the signed Acknowledgement Letter. Upon receipt of the Acknowledgement Letter, the casino can then manually record soft meter readings on a monthly basis and discontinue the completion of MCRs.

Differences between soft and system meter incrementation of 1% or more, by machine, must be identified. If a variance is caused by a clerical error, it must be corrected and supported by the appropriate documentation. If the variance is caused by a non-clerical error, it must be investigated and the results of the investigation documented. Licensees may only change meter incrementation (delta) if it can be proven with adequate support that the incrementation should be adjusted.

Licensees must document the procedures used to ensure the MCRs are mathematically accurate.

The licensee must perform reconciliation between each machine meter delta on the MCR to the system statistical reports detailing the difference that occurred between these reports. Additionally, reconciliation must also be performed between the system's promotional credit activity column on the statistical reports to the supporting reports by machine and total. The reconciliation must ensure that the reports are mathematically accurate and that monthly and yearly totals are properly calculated and roll from one drop period to the other. Evidence of all reviews must be documented.

During and subsequent to the testing period, licensees must ensure that system meter data, system activity data, variance calculations, formulas, etc., on statistical reports required by the ICMP (see Accounting section) are valid and accurate. This pertains to all data for drop-to-drop, MTD, and YTD information. Licensees must thoroughly document their testing results to determine the validity and accuracy of all data reflected on the statistical reports required by the ICMP, as well as the results of their testing.

The licensee must update the System Questionnaire and written accounting plan.

The system must be capable of generating the reports (statistical and supporting) in hard copy format as well as in an electronic database format (e.g., spreadsheet, relational database, etc.) meeting the ICMP requirements in the Accounting section.

The licensee is responsible to review its test results and to determine if the test results meet the passing requirements per ICMP. The test results may also be evaluated by reviewing the

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Electronic Promotional Credit System Testing Acknowledgement Form Letter located on the Division's website.

Submitting Test Results

Once the licensee has determined that the EPCS enabled slot machines have been tested and meet the 100% accuracy requirement, the licensee must submit the following:

1. A signed Acknowledgement Letter, located on the Division's website, and its test results, which includes:
 - The MCRs for the test period to include, at a minimum, the last two drops of the month and the first drop of the subsequent month.
 - The reconciliation of the MCR to the meter column on the system statistical reports by machine for the current period. Include the MCRs and statistical reports.
 - The reconciliation documentation of the system's promotional credit activity on the statistical reports to the supporting reports by machine for the current period. Include the system statistical reports and supporting reports.
 - The reconciliation documentation proving the MTD and YTD for both meter and actual columns on the statistical reports rolled from one drop to the next as required.
 - Soft meter readings for the drop periods in the test period.
 - System meter readings for the drop periods in the test.
 - Updated and completed network diagram.
2. Testing methodology utilized. This should contain sufficient detail and must include the procedures used to test the EPCS, the manner in which test data and results were documented, error correction procedures, how mathematical accuracy of appropriate reports was verified, etc.
3. A written narrative documenting the number of machines included in the EPCS testing, results of the test, including evidence that the accuracy of the MCR, system statistical reports, and supporting reports was confirmed. This includes a description of the reconciliation process.
4. Any other documentation and information requested by the Division.

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5. Once the signed Acknowledgement Letter and required documents have been submitted to the Division, licensees are required to manually read and record the required soft meters at the machine in conjunction with the last drop of the month, for every EPCS enabled slot machine. The month end meter readings continue until the licensee receives Division written approval to rely on its EPCS.

If the Division determines the testing performed by the licensee is not legitimate, complete, or accurate, the licensee may be subjected to administrative sanctions. Inadequate testing results may include, but are not limited to, failure to provide all required information and documents by specified deadlines, failure to maintain documentation, failure to provide complete and detailed documentation, and failure to perform the required test procedures. Additionally, the Division may require the licensee to conduct additional testing procedures, which may include retesting the EPCS system or to disable the functionality.

See Slot Monitoring System section for additional information.