



# ICO NEWSLETTER

Volume 9, Issue 2

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## System Access

It has become increasingly apparent to the Division that casino slot monitoring system access is not being adequately assigned, reviewed, and maintained. In many cases system manufacturers are providing guidance on the general set up of system access in the implementation stage, which, in some cases may not be in accordance with the Internal Control Minimum Procedures (ICMP). The levels of permissions assigned to authorized users may not be appropriate, given his/her specific job duties. When proper segregation of duties is not maintained a breakdown in control can occur.

The ICMP does not specifically state the level of access and authority each employee has; however, it does list several things that licensees must do to maintain appropriate system access. These items include maintaining an accurate and up-to-date system access listing for all users, which reflects each user's appropriate access privileges. At a minimum, the system access listing must include the user's name, position, nature of access, level of authority, authorized functions, and date that access was granted.

System access must also be limited to authorized personnel. Super users or individuals in charge of assigning access rights should maintain a thorough understanding of the specific access levels and access privileges granted to all authorized users of the system. The ICMP also goes on to say that there must be adequate application controls in place to assure the accuracy of data input, integrity of system processing, and validity of output, which may be accomplished by using passwords to restrict data input to authorized users.

All remote access must be documented, as this is another component of system access as well. As part of annual testing, licensees are required to ensure that all remote access documentation is current and that system access listings reflect appropriate access privileges for each authorized user. As casino operations are increasingly automated, and new technology is constantly being developed, it is of paramount importance that system access is appropriately assigned and consistently monitored. ❖

## Changes Made to License Applications

The Division of Gaming has revised its individual gaming license applications to comply with provisions of House Bill 1023, the legislation approved during a special session of the Colorado Legislature in early July that requires applicants for a public benefit to provide proof of lawful presence in the United States. An individual gaming license is considered a public benefit under federal laws. Persons applying for a new or renewal support application and renewal key application must provide one of four forms of identification specified by the new statute. Until March 1, 2007 other forms of identification may be used under emergency rules adopted by the Department of Revenue.

The Division has added a form listing the acceptable forms of identification, along with a legal residency affidavit required under the legislation. If an applicant is unable to produce one of the accepted forms of identification, the applicant must obtain a waiver from the Department of Motor Vehicle.

In addition, the Division has also replaced the Applicant's Request to Release Information form from the original support and the key and support renewal applications, and replaced it with an Authorization for Disclosure for Colorado Department of Revenue form. This form still requires the signature of a spouse/joint account holder if the applicant filed a joint state tax return, while eliminating the confusion surrounding the intent and use of the release form.

Casinos can download the revised application forms at <http://www.revenue.state.co.us/Gaming/wrap.asp?incl=apforms>.

Also, information on the implementation of House Bill 1023, and specifically on the waiver process, can be found at [http://www.revenue.state.co.us/EDO\\_dir/wrap.asp?incl=LawfulPresenceDetails](http://www.revenue.state.co.us/EDO_dir/wrap.asp?incl=LawfulPresenceDetails).

Casinos are urged to periodically check the Division web site to download and use the latest application forms. ❖

## Clarification of New Machine Testing



### A BIG THANK YOU!

Once again our thanks go out to the ICO's for timely submittal of their Internal Compliance Audit Reports for the period of January through June 2006. The Division recognizes that the preparation of the report requires a lot of time and responsibility, and the Division appreciates the efforts of the ICO's. ❖

### Tax Template

The tax template is a tool that is used to reconcile statistical reports, monthly gaming tax return, and general ledger, and to identify any variances among these documents. The most recent version of the tax template, *released in November 2005*, is available at the Division's web site at:

<http://www.revenue.state.co.us/Gaming/documents/tax.xls>.

Please note the tax template is revised for ticket reporting requirements to correspond to the gaming tax return. Please ensure your casino is using the most current tax template. ❖

Licensee must have written procedures in place to ensure new machines (or any machines not previously tested and passed) brought online subsequent to the initial test period are tested until the 99% accuracy requirement is met (100% if TITO). New machines are defined as any machine that requires a change to systems slot definition file when creating a new machine record in the database. This would include, but is not limited to, machine conversions, denomination changes, and machines in storage that were returned to the gaming floor. When changes are made in the communication path (e.g., SMIB, GMU, Sentinel, PT95A, etc.) between the game and the system, the modifications must be checked to ensure that the game is communicating properly with the system.

New machines are to be tested for a minimum of one-drop period. Any machines added to the floor after the date of the Acknowledgement Letter fall under new machine testing requirements. All required meters must be tested for incrementation (coin-in, coin-out, ticket-in, ticket-out, drop, total handpay/accumulated credit, and total bill validator meter or individual bill validator meters, whichever is applicable). All meters must meet the accuracy requirements.

Please refer to the Meter Comparison Report (MCR) under Initial Testing Procedures in the slot monitoring section of the ICMP for machine testing criteria and documentation. Whether your slot monitoring system has the capability of producing this report or you create and complete a manual report, you must ensure that you include all the required information on the report. If your system report does not have this information, you will need to update your MCR or manually include the required information.

For ticketing machines, remember to refer to the TITO Device Checklist for additional testing requirements. Please remember to maintain the support information (soft and system meter reads) that is input to the MCRs. ❖



## System Adjustments

During the Division's audit reviews and compliance inspections it has been noted that not all system adjustments are identified on the system's audit trail report. The ICMP states that an adequate audit trail must exist. This would be defined as a report or reports that indicate an adjustment was made, what it was made to (meter or actual information), when it was made, and who made it. It may indicate why the adjustment was made; however, the reports used to identify that an adjustment was necessary must state why an adjustment was necessary.

Some systems allow a revenue adjustment (i.e., actual drop information) to be made under the entry tab instead of the adjustment tab; this information is not indicated on the audit trail report. Also, there are second party vendors (vendor) linked with one-way communication as well as licensees who download system information into a spreadsheet format for their statistical or supporting reports. When incorrect information is identified through the licensee's investigation process, the change cannot simply be made in the entry tab, the vendor reports, or licensee's spreadsheets because the slot monitoring system does not have the correct data. You must ensure that all adjustments made to any processes (e.g., jackpots/fills, actual drop, etc), meters, or reports are supported with adequate documentation.

Any corrections by the accounting department to gaming documents, forms, reports, etc., including first and final run reports, must be made in the slot monitoring system if they affect the system data. When any adjustments are made to the system an audit trail must be available that reflects the change to the system data. Without a sufficient audit trail changes to system data are difficult to support and raise the risk of inaccurate data in the system. It is crucial to ensure that all adjustments made to the system appear on an audit trail. **REMEMBER** to ensure that someone other than the individual who made the correction/adjustment has reviewed all adjustments and the reports are accurate.

The reviewer's initials and date of review must evidence the review. When adjustments are made to gaming documents or forms that flow through the system a first and final run report is not typically produced. In this case the audit trail report would be used to identify the adjustment, support its accuracy, and indicate that a secondary level of review was performed. ❖

## Slot Compliance Concerns

The Emerging Technologies staff would like to remind industry management that there have been problems with gaming document accuracy, retention, and availability.

As a reminder, gaming documents must be made available to the Division upon request and must be kept for at least three years in accordance with Colorado Gaming Regulation 47.1-1607.

Gaming documents include Device History Logs (DHL's), Progressive Tracking Logs, and Slot Machine Access Logs. Entries on these documents must be complete, accurate, and legible.

Also there have been several recorded cases involving revoked and/or unapproved software being used in the licensed gaming properties. Casinos need to ensure that revoked software is removed from the gaming floor within the time period allotted by the Division (unapproved software should never be on the gaming floor).

If you have any questions or concerns regarding revoked, obsolete, or unapproved software, contact the local Division Compliance Investigators: Kenny Page, Nicole Lewis, Mike Hartley or the Device Specialist-Supervisor, Jeff Marone. ❖

## REMINDER

Temporary changes to your Drop and Count Schedules do not need to be submitted to the Division as they occur. Please make a list of these changes and at **month end** send via email to [Casinos@spike.dor.state.co.us](mailto:Casinos@spike.dor.state.co.us). Thank you for your cooperation. ❖

## UPCOMING ICO MEETING

The next ICO meeting will be held in November 2006. You are encouraged to submit any questions or topics of discussion you would like addressed, either by the Division or your fellow ICO's. Please call or email:

Garry Brown (303) 582-0529, [gbrown@spike.dor.state.co.us](mailto:gbrown@spike.dor.state.co.us),  
Dawn Culhane (303) 582-0529, [dculhane@spike.dor.state.co.us](mailto:dculhane@spike.dor.state.co.us),  
Laurie Scott (719) 689-3362, [lscott@spike.dor.state.co.us](mailto:lscott@spike.dor.state.co.us),  
Deborah Stough, (719) 689-3362, [dstough@spike.dor.state.co.us](mailto:dstough@spike.dor.state.co.us).

## CALENDAR OF EVENTS:

### ***ICO Meeting***

Monday, November 6, 2006 – Cripple Creek, Division of Gaming office at 10:30 am.

Wednesday, November 8, 2006 – Central City/Black Hawk, Division of Gaming Office at 10:30 am (upstairs).

### ***Commission Meeting Dates:***

- Thursday, September 28, 2006
- Thursday, October 19, 2006
- Thursday, November 16, 2006
- Thursday, December 21, 2006



### ***Next ICO Report Due:***

Wednesday, January 31, 2007

This is the report for the period of July through December 2006. ❖❖



