

September 21, 1992

AUTOMATED SLOT MONITORING SYSTEMS

When a casino implements an automated slot monitoring system, the Division of Gaming will require casino management to perform the following procedures. These procedures must be performed for a minimum of 30 consecutive days. After this test period, the Division will review the use of the slot monitoring system at your writing, and the following test period procedures may be reduced. Prior to reducing these procedures, the casino must demonstrate (via documentation) to the Division that the system is 99% accurate.

In general, the casino should maintain documents and reports created during the initial test period. This is to ensure there is an adequate audit trail. The Division of Gaming's decision for a slot monitoring system is specific for each casino. That is, the review is specific to the licensee and not an overall approval of the system. Upgrades, changes in operating systems of significant changes made to system software will require an additional review by the Division.

PRIOR TO INSTALLATION

Prior to installing an automated slot monitoring system, the casino must:

1. Notify the Division of Gaming that an automated system will be used.
- 2.** Submit to the Division an Internal Control Variance request. This request should detail how the alternate system complies with Gaming Internal Controls.
- 3.** Provide information about the system and the manufacturer. This should include at a minimum:
 - Background information on the manufacturer,
 - Other casinos currently using the system,
 - A copy of approval from other states (if applicable), and
 - A system user guide.

4.** Provide a copy of the contract or agreement with the manufacturer. The contract should include at minimum:

- A maintenance and upgrade agreement,
- Training provisions, and
- Technical assistance.

PRIOR TO RELYING ON THE SYSTEM'S DATA

The casino is required to perform the tests outlined below prior to relying on the system's output. It is also required to have the related additional controls in place for a minimum of 30 consecutive days. Testwork and additional procedures must be adequately documented for audit purposes.

1.** Document the methodology the casino used to test the system. Testing of the system must include:

- Testing of all slot devices (not a sample),
- Testing the following meters: Coin-In, Coins-Out, Coins-Dropped, Jackpots and Games-Played, and
- Period of time tested.

SOFT METER READINGS

2. Prepare reports listing variances between manual soft meter readings and system-generated meter readings. *Variances should be calculated for each slot device.* It will be necessary to maintain a comparative schedule of manual and denomination totals and grand totals. Totals must be reported for the Coin-In, Coin-Out, Games Played, Coins-Dropped and Jackpot meters. All significant (great than 1%) or unusual variances must be investigated and documented for future review by the Division.

The above variances will be easier to identify and correct if system meters are initially set equal to the manual soft meters. Refer to the systems manual for setting of meters.

*** Reports from the above meter readings from the first and last of the initial 30 consecutive day test period should be submitted to the Division.*

HARD METER READINGS

3.** The casino must demonstrate (via documentation) that increments in the Hard Meters (Coin-In, Coin-Out, Coins-Dropped and Jackpots) agree to

increments in the system generated meters for each machine. This may be accomplished by documenting the comparisons of the Hard Meters readings to the system-generated meter readings until variances are within 1% by denomination and in total.

1. Prepare a report demonstrating the systems test results. The casino must show the system is 99% accurate by denomination and in total. In other words, only a 1% difference between manual meter readings and system-generated meter readings is acceptable. For example, if the soft meter readings for all nickel machines is 100, the system-generated meter readings for all nickel machines must fall within 99-101.

ADDITIONAL CONTROL PROCEDURES DURING TEST PERIOD

1. Manually recalculate all system-generated reports. This should be done for a minimum of two reporting periods or until no errors are noted, whichever is longer. Document any error corrections.
2. Manually add all jackpot payout / fill slips. Trace the totals from these slips to the system-generated totals. Note any variances.
3. Review jackpot payout / fill slips for continuous sequence and that proper procedures were used to void slips. Note any variance.
4. On a sample basis (at least 10% of all slot devices or 20 devices, whichever is larger) recalculate actual hold percentages for the current, month-to-date and year-to-date periods. Note any variances.
5. Review unusual transactions or activity indicated by system-generated reports (e.g. overrides).
6. Maintain a log of system-related problems and note follow-up procedures performed. The log should include at a minimum:
 - The date problem was identified,
 - Description of problem,
 - Name and position of person who identified problem,
 - Name and position of person(s) performing follow up,
 - How problem was corrected, and
 - Date problem was corrected.

AFTER TEST PERIOD IS COMPLETE

Once the casino has completed the initial 30 consecutive days of testing it must notify the Division of Gaming-Audit Section. The Division will then review the results of the test period. This may include reviewing the casino's documentation of testing and its follow-up procedures. It may also include on-site observations. The Division of Gaming-Audit Section may require the casino to continue performing and documenting the above procedures based on the Division's initial review of the test period results.

This system review and related procedures are in addition to reviews of the casino's system of internal controls. The casino is still responsible to maintain an adequate system of internal controls to ensure it is in compliance with the Internal Control Minimum Procedures and the Gaming Rules and Regulations.

At least once a year, the casino must test each slot device to ensure it is within 99% accuracy. Documentation of these tests and any investigations or follow-up procedures must be maintained.

All test period procedures must continue until the casino receives notification from the Division of Gaming.

For licensees who already have an automated slot monitoring system installed, the above requirements must be met prior to reliance on the automated information.

Please contact Barbara Gold at (303) 757-7555 if you have questions regarding the Review process or test period requirements.