



Internal Compliance Officer (ICO) INSTRUCTIONS

The Accounting Section of the Colorado Internal Control Minimum Procedures (ICMP) requires Group B and Group C licensees to complete one full set of ICO Checklists and Attribute Worksheets every six months. For further information concerning the requirements of selecting and reporting the ICO designation to the Division, please refer to the Accounting Section of the ICMP. All documents relating to the ICO testing and reporting are available on the Division's website at www.colorado.gov/revenue/gaming.

SCOPE OF AUDIT PROCEDURES

The forms and reports subject to the criteria detailed below are reflected on the Sample Selection Documentation table, represented by the un-highlighted columns for the Sample Months. There is a corresponding Attribute Worksheet for each of these forms or reports.

The scope and sample size for detailed test work relative to the ICO testing may be unique to each licensee. Determining scope and sample size is a matter of professional judgment. However, at a minimum, three sample dates for tests of gaming documents, summaries and required statistical and summary reports must be tested during each 6-month review period.

The sample dates must be distributed throughout the 6 month period of review. The first sample date must fall within January-February (for the first 6 month review) and July-August (for the second 6 month review). The second sample dates must fall within March-April (for the first 6 month review) and September-October (for the second 6 month review). The third sample dates must fall within May-June (for the first 6 month review) and November-December (for the second 6 month review).

The dates of the documents and reports tested, along with the number of documents tested, are recorded on the Sample Selection Documentation form.

SAMPLE SELECTION FOR TESTS OF GAMING DOCUMENTS AND REPORTS

The ICO must test at least 5 documents for each type of form (except summary documents, and statistical and supporting reports) for each sample date selected. If there are less than 5 documents available for testing for the sample date selected, then additional sample dates are selected during that two month period. A minimum of 15 documents per form (e.g., jackpot payout, fills/credits, request for fills/credits, etc.) must be tested during the 6-month review period. If any type of form does not have at least 15 documents then test 100% of these transactions. The attribute worksheets are used to document the test results. If there is no attribute worksheet, the form is tested for compliance with the ICMP and the results are documented in the applicable 6-month sample column on the checklists.

The ICO must test a minimum of 3 summary documents for each type of summary document during each 6-month review period. A summary document includes more than one transaction, for example the slot summary, master games sheet, daily cash summary, etc. The ICO must also test the required statistical and supporting reports to coincide with the date of the summary document tested. Use the attribute worksheets and checklists to document the test results. For example, if May 15 gaming date is selected as the sample date to test the slot count paperwork, the corresponding daily cash summary showing receipt of these drop funds is selected for testing. The statistical reports and supporting reports corresponding with and reflecting the activity for the May 15 drop proceeds is selected for testing. This allows the funds to be traced from the source through the cage to the statistical and supporting reports.

The ICO must perform a review of all the statistical reports for at least 3 sample dates during the 6-month review period. The review must include the current, MTD and YTD data if applicable to the associated report. The Division encourages additional review of the statistical and supporting reports.

Based on the results of the ICO's findings, the ICO may want to expand the number of dates and/or documents tested. Additional guidance may be obtained in the American Institute of Public Certified Accountants (AICPA) literature and Statement on Auditing Standards (SAS) guidelines.

Note:

If computerized applications are used, alternate documentation and/or procedures that achieve the objectives of the ICMP will be acceptable. Such alternate documentation and/or procedures must be described in detail as to their acceptability. Any internal control variances that the licensee is using must be supported by written approval from the Division of Gaming. These variances are taken into consideration and tested when completing the checklists.

OBSERVATIONS

Observation of casino floor operations (e.g., drops, counts, fills, jackpots, etc.) should not be announced in advance. In a similar fashion, observation of operations in the casino cage and count room should not be announced in advance.

Observations must be carried out at various times throughout the period under examination. This is crucial in maintaining independent, unpredictable testing. All observations should not be performed from the surveillance room. Likewise, the activity under review should not be physically observed every time either. The element of surprise is lost if all observations of the same activity are performed in the same manner every time. At least one complete set of observations must be conducted during each period under review.

ICO REPORT FORMAT

The ICO report consists of four parts as follows:

Part I – General, Table Games, Poker, Surveillance, Dealer Tips and Table Games Equipment

Part II – Slot Machines

Part III –TITO and EPCS

Part IV – Drop & Count, Cashier, Key Control, Accounting and Noncompliance Issues Found by Accounting from Other Departments

See the Division's website for the report templates. Each ICMP section listed above is included in the respective parts of the report. The ICO must follow the format of the report as shown in the report templates. The following is an example if a section does not apply to the casino:

TICKET IN/TICKET OUT

NONCOMPLIANCE ISSUE:

This section is not applicable. No further action required.

ICO RECOMMENDATION:

N/A

MANAGEMENT RESPONSE:

N/A

The following is an example if there are no issues noted by the ICO during his/her review:

GENERAL

NONCOMPLIANCE ISSUE:

No noncompliance issues noted. No further action required.

ICO RECOMMENDATION:

N/A

MANAGEMENT RESPONSE:

N/A

SUMMARY OF TEST RESULTS

To calculate the "Total Number of Items Inspected" column, use the number of items reviewed in completing each ICO checklist. Sum all applicable boxes on the checklist to arrive at a total number of items inspected. If there are any applicable attribute worksheets, add the number of items reviewed from the attribute worksheet to the number of items inspected from the ICO checklist. This total is posted to the Summary of Test Results.

For example: if the ICO checklist consists of 20 items, 3 of which are not applicable to the casino, the total from the checklist would be 17. If the section requires the completion of an attribute worksheet whereby 5 forms were tested, this would result in 22 items being posted to the Summary of Test Results.

SUBMITTING ICO REPORTS AND RELATED DOCUMENTS

ICO reports and related documents are due to the Division by January 31 and July 31. The ICO must submit the following documents electronically by the required due dates to be considered timely filed:

1. Summary of Test Results
2. Statement of Compliance
3. Sample Selection Documentation
4. ICO Reports
 - Part I
 - Part II
 - Part III
 - Part IV

The above documents are submitted electronically as word documents to the Division at dor_coloradocasinos@state.co.us. In the subject line of the email type ICO Report *Casino Name* January Year or ICO Report *Casino Name* July Year as applicable.

Each ICO report and related documents must conform to the following file name convention:

Name of Document	File Naming Convention
Summary of Test Results	ICO <i>Casino Name</i> Test Results January Year.doc or ICO <i>Casino Name</i> Test Results July Year.doc
Statement of Compliance*	ICO <i>Casino Name</i> Stmt of Compliance January Year.doc or ICO <i>Casino Name</i> Stmt of Compliance July Year.doc
Sample Selection Documentation	ICO <i>Casino Name</i> Sample Selection January Year.doc or ICO <i>Casino Name</i> Sample Selection July Year.doc
ICO Report	
Part I	ICO <i>Casino Name</i> Report Part I January Year.doc or ICO <i>Casino Name</i> Report Part I July Year.doc
Part II	ICO <i>Casino Name</i> Report Part II January Year.doc or ICO <i>Casino Name</i> Report Part II July Year.doc
Part III	ICO <i>Casino Name</i> Report Part III January Year.doc or ICO <i>Casino Name</i> Report Part III July Year.doc
Part IV	ICO <i>Casino Name</i> Report Part IV January Year.doc or ICO <i>Casino Name</i> Report Part IV July Year.doc

*Since this document contains signatures, mail the hard copy to 17301 W. Colfax Avenue, Suite 135, Golden, CO 80401 attention Chief Auditor, or the document can be imaged and emailed in accordance with the above instructions.

FOLLOW-UP

After the ICO completes and submits the required documents to the Division, the ICO must perform follow-up for noncompliance issues within two months of submitting the report to the Division. The ICO must document the follow-up on the ICO checklists by noting in the appropriate column (i.e., 2C or 2N) whether the noncompliance

Revised September 2019

issue was in compliance or out of compliance at follow-up. The ICO must also document the date follow-up was performed. This documentation is retained at the casino.