Player Tracking Systems

Purpose

This section provides guidance on the development of internal controls, policies, and procedures for the operation of player tracking systems used in conjunction with Class II gaming. It has been compiled by tribal regulators, Class II gaming operators, and other industry resources. Using best practices, this guidance is specifically designed to accommodate a variety of ways to implement controls to comply with Part 543.12. Because each gaming operation is different and subject to varying tribal laws and regulations, each tribe is responsible for determining the specific controls and procedures that are most suitable for its gaming operations and compliant with the MICS.

Furthermore, internal controls, policies, and procedures should be established and updated in a manner that accommodates changes and advancements in technology. Nothing in this guidance document should be read to limit the use of technology, regardless of whether or not such technology is mentioned herein.

§ 543.12 What are the minimum internal control standards for player tracking systems used in conjunction with Class II gaming?

(a) **Internal Control Procedures.** Subject to the approval and oversight of the TGRA, each gaming operation shall establish, implement and adhere to internal control policies and procedures that provide at least the level of control established by the standards of this section.

(b) **Computer Applications.** For any computer applications utilized, alternate documentation and/or procedures that provide at least the level of control established by the standards of this section, as approved in writing by the TGRA, will be acceptable.

(c) **Variances.** The TGRA shall establish the threshold level at which a variance shall be reviewed. Any such review shall be documented.

(d) **Player Tracking Systems.** Controls must be established in a manner designed to prevent unauthorized access, cheating, misappropriation, forgery, theft, or fraud when a player tracking system is used in conjunction with Class II gaming. Such controls must include, but not be limited to, the following:

(1) Operation of player tracking programs;

(2) Security of player tracking accounts; and
§ 543.12 What are the minimum internal control standards for player tracking systems used in conjunction with Class II gaming?

(3) Audit and accounting.

(a) **Internal Control Procedures.** The TGRA should ensure that the gaming operation establishes a system of internal control standards (SICS) that are applicable to the use of Player Tracking Systems in conjunction with Class II gaming. Such SICS should address, at a minimum, how the department operates, agents’ responsibilities, and controls to protect assets. The TGRA should review and approve the SICS prior to implementation.

(b) **Computer Applications.** A gaming operation may use computer applications, whether developed in-house or acquired externally, provided that controls are established in accordance with MICS and approved in writing by the TGRA. For any computer applications utilized, alternate documentation and/or procedures that provide at least the level of control established by the standards shall be implemented. For example, where an agent or multiple agents are required in the control, a computer application could substitute for one or all of the agents. Another example would be where a log is required a computer application report could substitute for the log. If computer systems are used, procedures must be designed to account for computer system failure without compromising the effectiveness of the internal control standards.

(c) **Variance.**

(1) The TGRA or the gaming operation as authorized by the TGRA should establish a threshold at which variances (i.e., exceptions against controls, inconsistencies with established policies and procedures or deviations from expected outcomes) must be investigated.

(2) Best practice suggests that when the relevant predetermined variance threshold is achieved, the controls should require agents – preferably supervisory agents – to conduct a variance investigation. Variance investigation controls/procedures should include, but are not limited to:

   (i) Transaction(s) document(s) review, including all department(s) records relating to the variance investigation;

   (ii) Recount of assets/inventory;

   (iii) Surveillance reviews;

   (iv) Physical inspections; and
(v) Agent interviews.

(3) The investigation results must be supported by documentation and forwarded to the accounting department for review and retention. Best practice suggests that documentation should include copies of transaction forms, logs, and a description of the variance.

(d) **Supervision.**

(1) Controls should identify the supervisory agent in the department or area ultimately responsible for ensuring that the department or area is operating in accordance with established policies and procedures.

(2) The reporting structure may permit a supervisory agent to function as a player tracking or cashier agent without any other supervision. In such instances, however, a supervisory agent either independent of the transaction or independent of the relevant department or area must resolve disputes.

(3) Best practice suggests that the written system of internal controls should include:

   (i) An organizational chart of the department or area;

   (ii) Job descriptions; and

   (iii) A narrative description of the reporting structure, which is designed to ensure adequate supervision and segregation of function.

(e) **Risk Assessments.** Risk assessments and periodic program reviews may be used to determine how often player tracking systems should be audited. When an assessment and review is necessary, an agent independent of the organizational component responsible for player tracking systems should perform it.

(f) **Operation of Player Tracking Programs.**

(1) Gaming operations must establish controls for player tracking activities. Procedures should include but not be limited to the following:

   (i) Establishing player tracking membership;

   (ii) Access to player tracking records;

   (iii) Manual player tracking (e.g., card game player tracking, player tracking without automated systems, among others);

   (iv) Issuing and redemption of benefits; and
(A) Best practice suggests that patron identification should be required when redeeming benefits however, reliance on a secured PIN by the patron is an acceptable method of verifying patron identification. This does not apply to Unrestricted Patron Deposit Accounts; refer to MICS 543.11 (What are the minimum internal control standards for Patron Deposit Accounts and Cashless Systems?) and the associated guidance document for controls regarding all Patron Deposit Accounts.

(v) Adjustments to player tracking activity and benefits. Adjustments made in the absence of the patron must be sufficiently documented, including substantiation of reasons for adjustment, by the agent performing the adjustment. This standard does not apply to the deletion of balances related to inactive or closed accounts through an automated process if the automated process is capable of generating a report of all adjustments made.

(2) Best practice suggests that the gaming operation make readily available the eligibility requirements for player tracking participation. The information should also include the following:

(i) Eligibility criteria;

(ii) Any restrictions or limitations on participant eligibility and membership (e.g., must be at least 18/21 years of age to participate, must achieve a specified amount of activity in a specified period, and restrictions on holding multiple accounts, among others);

(iii) Description of potential benefits associated to participation, including participation and benefits offered across multiple gaming operations, third-party sponsored programs, and joint programs involving third-parties; and

(iv) Any other restrictions or limitations, including any related to the claim of benefits (e.g., notice of expiration of benefits after a specified period of inactivity and rules for use of benefits by spouses or significant others, among others).

(f) Security of Player Tracking Accounts. When player tracking systems are used in conjunction with Class II gaming then controls should be established for the security and management of server, server software and data in accordance with MICS 543.16 (What are the minimum internal control standards for the security and management of server, server software, and data associated to Class II gaming systems?) and the guidance provided in the associated document.
(1) Controls must require that only authorized agents can access inactive or closed accounts.

(g) **Audit and Accounting.**

(1) When player tracking systems are used in conjunction with Class II gaming, Controls must be established for audit and accounting in accordance with MICS 543.19 (What are the minimum internal control standards for audit and accounting?) and the guidance provided in the associated document.

(2) Best practice suggests that each operational area secure daily audit and accounting records, forms, and documents prior to audit. For example, a cashier may place records in a locked box for next-day delivery to accounting for audit.