

GAMING COMMISSION REGULATIONS

FOR APPROVING A SYSTEM OF INTERNAL CONTROLS

Coyote Valley Gaming Commission Coyote Valley Band of Pomo Indians

Chapter 9

SYSTEM OF INTERNAL CONTROLS

Sections:

- 9.010 System of Internal Controls; Purpose.
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9.010 System of Internal Controls; Purpose. No person, licensee or gaming facility shall engage in any gaming activities or shall operate any gaming facility, unless such gaming activities are conducted or such gaming facility is operated pursuant to a system of internal controls approved by the Gaming Commission. The internal control system shall be designed to reasonably assure that:

- (a) The assets of the gaming facility are safeguarded;
- (b) Financial records are accurate and reliable;
- (c) Transactions are performed in accordance with the Coyote Valley Band of Pomo Indians' general or specific authorization;
- (d) Access to assets are permitted only in accordance with the Coyote Valley Band of Pomo Indians' specific authorization;
- (e) Recorded accountability for assets is compared with actual assets at frequent intervals and appropriate action is taken with respect to any discrepancies; and
- (f) Functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound practices by competent qualified personnel.

9.020 System of Internal Controls; Content. Every licensee and licensed gaming facility, prior to engaging in any gaming activities on the Coyote Valley Indian Reservation, shall describe, its administrative and accounting procedures in detail in a written system of internal control. Each licensee and licensed gaming facility shall submit a copy of its written system of internal control to the Gaming Commission. The internal control system shall include:

- (a) An organizational chart depicting appropriate segregation of functions and responsibilities;
- (b) A description of the duties and responsibilities of each position shown on the organizational chart;
- (c) A detailed, narrative description of the administrative and accounting procedures designated to satisfy the requirements of Section 9.010 above;
- (d) A written statement signed by the gaming facility's chief financial officer and general manager or chief executive officer attesting that the system satisfies the requirement of this Chapter;
- (e) A letter from an independent certified public accountant stating that the written system has been reviewed by the accountant and complies with the requirements of this Chapter; and
- (f) Such other items as the Commission, from time to time, may require.

9.030 Submission of System of Internal Controls for approval by the Gaming Commission. Not later than thirty (30) days after submission of the internal controls by the applicant to the Commission, the Commission shall hold a hearing to review the internal controls and determine whether the internal controls submitted by the applicant meet the requirements of this Chapter. The applicant shall be given fifteen (15) days advance written notice of the day, time, and place at which the Commission shall consider approving, rejecting, or modifying the internal control system submitted by the applicant. At the hearing, the applicant shall be entitled to present evidence to the Commission in support of its position that the system of internal controls, as submitted by the applicant should not be rejected or modified. The applicant shall be entitled to be represented by an attorney at the hearing and shall be entitled to call as a witness a certified public accountant or the applicant's chief financial officer to testify as to the adequacy of any control set forth in the written system of internal controls. At the conclusion of

the hearing, the Commission shall approve, reject, or approve with modifications, the applicant's system of internal controls. The decision of the Commission shall be final.

9.040 Adoption by the Commission of minimum internal control standards.

1. The Commission may prepare internal control procedures establishing administrative and accounting procedures for the purpose of exercising effective control over a licensee's internal fiscal affairs. At least forty-five (45) days prior to adopting or if adopted revising, the internal control procedures, the Commission shall:

(a) Mail a copy of the proposed internal control procedures or revisions, to every licensed gaming facility engaging in gaming activities on the Reservation; and

(b) Consider all written statements, arguments, or contentions submitted by interested parties.

2. Not later than thirty (30) days after the Commission has mailed a copy of the proposed internal control procedures or revisions to each licensee, the Commission shall set a hearing to consider adoption of the internal controls. All gaming facilities located on the Reservation shall be given thirty (30) days advance written notice of the day, time, and place of the hearing. Any licensee may object to the internal control procedures by filing a written objection with the Commission. If a licensee files an objection, the effective date of the internal control procedures is stayed. If no objections are filed within thirty (30) days, or the Commission does not stay the effective date in order to review the internal control procedures, the internal control procedures shall become effective. If objections to particular portions of the internal control procedures are filed, the portions of the internal control procedures not objected to shall become effective upon expiration of the thirty (30) days. If the Commission fails to sustain an objection within sixty (60) days of its filing, the objection will be deemed denied and the internal control procedure shall be effective upon expiration of the sixty (60) days. If the Commission sustains the objection, the Commission shall revise the internal control procedures to reflect the order of the Commission. The Chairman of the Commission shall send written notice of the effective date of the internal control procedures to all gaming facilities located on the Reservation and every person who has filed a request therefor with the Commission.

9.050 Prohibition against deviating from approved system of Internal Controls. A licensee may not implement internal control procedures that deviate from those procedures approved by the Commission. If the Commission has adopted minimum standards for Internal Controls, a licensee may not implement a system of internal control procedures that does not satisfy the minimum standards. Each gaming facility located on the Reservation shall require an independent accountant engaged by the licensee to examine the financial statements or to review the licensee's financial statements to submit to the licensee two (2) copies of a written report of compliance of the procedures and written internal control system of the gaming facility with the minimum internal control standards adopted by the Commission or the internal control system approved by the Commission. Using the internal control system approved by the Commission, the independent accountant shall report each event and procedure discovered by or brought to the accountant's attention that the accountant believes does not satisfy the internal control system approved by the Commission. Not later than one hundred fifty (150) days after the end of the gaming facilities' business year (i.e., the annual period used by a gaming facility for internal accounting purposes), the licensee shall submit a copy of the accountant's report or any other correspondence directly relating to the licensee's system of internal control to the Commission, accompanied by the licensee's statement addressing each item of noncompliance noted by the

accountant and describing the corrective measures taken. Any failure to comply with the system of internal controls or minimum standards approved by the Commission shall constitute a violation of these Regulations.

CERTIFICATION

The foregoing Regulations comprising Chapter 9 were adopted at a regular meeting of the Coyote Valley Gaming Commission held on May ____, 1996, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Chairman of the Coyote
Valley Gaming Commission

ATTESTED:

Secretary of the Coyote Valley Gaming Commission