



**BUDGET** The United States  
Department of the Interior  
**JUSTIFICATIONS**

and Performance Information  
Fiscal Year 2011

**NATIONAL INDIAN  
GAMING COMMISSION**

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# DEPARTMENT OF THE INTERIOR NATIONAL INDIAN GAMING COMMISSION

## Fiscal Year 2011 Budget Justification

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## **National Indian Gaming Commission (NIGC)**

### **Executive Summary**

When the National Indian Gaming Commission (NIGC or “Commission”) began operations in February 1992, the Indian gaming industry generated revenue of about \$3 billion per year. The Commission itself operated on an appropriation of \$2.2 million with 33 full-time employees and with oversight responsibilities over approximately 200 gaming operations. Since that time, the Indian gaming industry has grown dramatically. In 2008, the Indian gaming industry reported \$26.7 billion in revenue. Today, there are over 400 Indian gaming operations in 29 states, and the NIGC has over 100 full-time employees and annual expenditures in excess of \$16 million.

The growth of the industry led to enactment in May 2006 of the Native American Technical Corrections Act of 2006 (P.L. 109-22). The Act enables the NIGC to tie its fee collections to the growth, or contraction, of the Indian gaming industry. Specifically, the Act authorizes the Commission to collect up to 0.080% of the gross gaming revenue, allowing the NIGC’s authorized funding to keep pace with industry growth and enabling the agency to provide needed technical assistance and essential oversight. The fiscal year 2011 budget will focus primarily on hiring additional personnel, opening/expanding field office operations, enhancing the information technology infrastructure, and providing internal and external training.

### **Vision**

An Indian gaming industry in which Indian tribes are the primary beneficiaries of gaming revenues; gaming is conducted fairly and honestly by both operators and players; and tribes and gaming operations are free from organized crime and other corrupting influences.

### **Mission**

To effectively monitor and participate in the regulation of Indian gaming pursuant to the Indian Gaming Regulatory Act (IGRA) in order to promote the integrity of the Indian gaming industry.

## General Statement

The Indian Gaming Regulatory Act established, within the Department of the Interior, the National Indian Gaming Commission, and provided it with independent Federal regulatory authority. The Commission was created to fulfill the mandates of IGRA in fostering economic development of Indian tribes by ensuring the integrity of Indian tribal government gaming on Indian lands and ensuring that the tribes are the primary beneficiaries of their gaming revenues.

The Commission monitors gaming activity, inspects gaming premises, conducts background investigations, audits and reviews financial records of gaming operations, and when necessary, undertakes enforcement actions. Its purpose, as set forth in IGRA, is to ensure that adequate safeguards are in place to shield the tribal gaming industry from organized crime and other corrupting influences, to assure that Indian tribes are the primary beneficiaries of the gaming operation, and that gaming is conducted fairly and honestly.

This is accomplished by:

- Direct regulation of certain aspects of Indian gaming activities, and coordinating regulation with tribal and other regulatory agencies through the review and approval of tribal gaming ordinances and agreements;
- Reviewing the backgrounds of individuals and entities to ensure the suitability of those seeking to engage or invest in Indian gaming;
- Maintaining oversight and reviewing the conduct of Indian gaming operations and their financial performance; and
- When necessary, undertaking enforcement actions for violations of IGRA, the Commission's regulations and tribal gaming ordinances, including the imposition of appropriate sanctions on those committing such violations.

As it fulfills these responsibilities, the Commission is particularly vigilant of any indications of corrupting influences, such as those posed by organized criminal elements known to be attracted to cash-intensive industries such as gaming.

IGRA authorizes the Commission to assess and collect fees on tribal gaming revenues to cover agency operating costs. The NIGC also conducts background investigations, including fingerprinting, of individuals and entities with a financial interest in, or management responsibility for, potential management contracts. These investigations are conducted to determine whether the management contracts can be approved. The Commission is reimbursed periodically by the potential contractors for performing these investigative services. The Commission is also reimbursed for fingerprint processing costs.

The Commission is mindful of the trust relationship the United States bears to the Indian nations it serves, and of the importance of prompt and efficient administration of IGRA to foster the economic development so urgently needed by Indian tribes. In all phases of its regulatory performance, the Commission and its staff observe due process rights of those who come before it, and extend to all individuals the courtesy they are entitled to expect from their government. The Commission strives to be responsive to tribes seeking guidance as they enter the dynamic Indian gaming industry, monitors trends in tribal government gaming, and reports its findings to Congress and the Administration.

### **The Indian Gaming Regulatory Act (IGRA) of 1988**

In the early 1980's, Congress took up the issue of tribal gaming and conducted a series of hearings, ultimately culminating in the passage of IGRA in 1988. Embodied in IGRA was a compromise between state and tribal interests. IGRA gave the states a role in determining the scope and extent of tribal gaming by requiring tribal-state compacts for Class III gaming. However, IGRA fully preserved tribal regulatory authority over Class II gaming without state intervention.

IGRA establishes the jurisdictional framework that governs Indian gaming. IGRA establishes three classes of games with a different regulatory scheme for each.

- Class I gaming is defined as traditional and social Indian gaming for minimal prizes. Regulatory authority over Class I gaming is vested exclusively in tribal governments.
- Class II gaming is defined as the game of chance commonly known as bingo (whether or not electronic, computer, or other technological aids are used in connection therewith) and, played in the same location as bingo, pull-tabs, punchboards, tip jars, instant bingo and other games similar to bingo. Class II gaming also includes non-banked card games - that is, games that are played exclusively against other players rather than against the house or a player acting as a bank. IGRA specifically excludes slot machines or electronic facsimiles of any game of chance from the definition of Class II games. Tribes retain their authority to conduct, license and regulate Class II gaming as long as the state in which the tribe is located permits such gaming for any purpose, and the tribal government adopts a gaming ordinance approved by the Commission. Tribal governments are responsible for regulating Class II gaming, with Commission oversight.
- Class III is defined as all forms of gaming that are neither Class I nor Class II. Games commonly played in casinos, such as slot machines, blackjack, craps, and roulette, fall in the Class III category, as well as wagering games and electronic facsimiles of any games of chance. Class III gaming is often referred to as full-scale casino-style gaming. As a compromise among tribal, state and federal interests, IGRA restricts tribal authority to conduct Class III gaming. Before a

tribe may lawfully conduct Class III gaming, the following conditions must be met: (1) the particular form of Class III gaming that the tribe wants to conduct must be permitted in the state in which the tribe is located; (2) the tribe and the state must have negotiated a compact that has been approved by the Secretary of the Interior, or the Secretary must have approved regulatory procedures; and (3) the tribe must have adopted a tribal gaming ordinance that has been approved by the Chairman of the Commission.

The regulatory scheme for Class III gaming is more complex than a casual reading of IGRA might suggest. Although Congress clearly intended states to address their regulatory issues in tribal-state compacts, IGRA did not make this mandatory, and many states accordingly rely upon continued federal oversight by the NIGC to address their regulatory concerns regarding Class III tribal gaming under IGRA, including the approval of management contracts and tribal ordinances. Thus, the extent of a state's participation in the regulation of Class III gaming varies from state to state. In addition, IGRA expressly assigned a number of specific regulatory functions to the NIGC, such as: approving tribal ordinances for class II and class III gaming; approving management contracts; ensuring tribes and management contractors comply with IGRA and Commission rules and regulations; and implementing regulations. Accordingly, the Commission plays a key role in the oversight and regulation of both Class II and Class III gaming.

### **The Commission and its Operations**

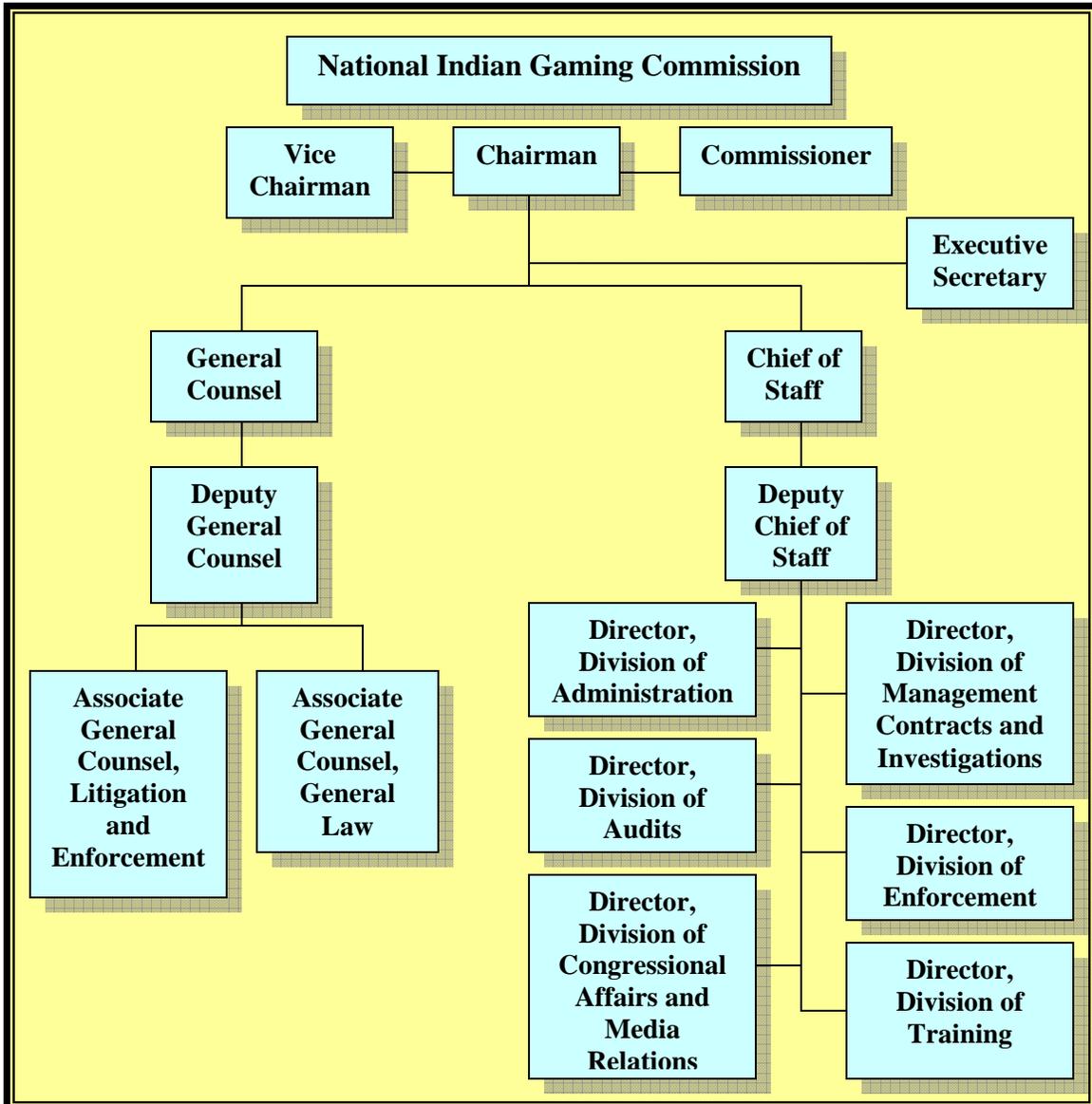
The Commission became operational in 1992. It is comprised of a Chairman and two Commissioners, each of whom are appointed to three-year terms. The Commission establishes policy, and is responsible for carrying out the formal duties assigned to it by IGRA.

The Commission provides federal oversight to over 400 tribally owned, operated, or licensed gaming establishments operating in 29 states. The Commission maintains its headquarters in Washington, DC, has seven regional offices, and four satellite offices. The Commission is divided into seven separate divisions with a combined staff of over 100 full-time employees as of September 30, 2009. Approximately half of the Commission staff are assigned to headquarters in Washington, DC, with the remaining assigned among its regional offices located in: Portland, OR; Sacramento, CA; Phoenix, AZ; St. Paul, MN; Tulsa, OK; Washington, DC; and Oklahoma City, OK, and among its satellite offices in Rapid City, SD; Temecula, CA; Bellingham, WA; and Flowood, MS. In fiscal year 2010, to address the rapid growth of Indian gaming, the Commission is considering plans to convert the satellite office in Rapid City, SD to a regional office, and opening a new satellite office in the Buffalo, NY area.

The Commission established its field structure to increase effectiveness and improve the level and quality of services it provides. The field offices are vital to carrying out the statutory responsibilities of the Commission and securing industry compliance with the IGRA. The Commission's efficiency and effectiveness have improved as a result of

locating auditors and field investigators closer to tribal gaming facilities. Regular visits enable better oversight of tribal compliance with regulations and allow for timely intervention where warranted. In addition to auditing and investigative activities, the field staff provides technical assistance, education, and training to promote a better understanding of gaming controls within the regulated industry, and to enhance cooperation and compliance.

### Organizational Structure



The Commission’s organizational structure is composed of two main branches, the Office of the Chief of Staff and the Office of the General Counsel.

**The Office of the Chief of Staff** implements the policies of the Commission and is responsible for the direction, supervision, and evaluation of the work of all Commission employees outside of the Office of the General Counsel. It is divided into six divisions which include: Division of Management Contracts and Investigations; Division of Enforcement; Division of Congressional Affairs and Media Relations; Division of Audits; Division of Training; and Division of Administration.

**The Division of Management Contracts and Investigations** works with all interested parties, including tribal officials, management contractors, attorneys, accountants, and tribal gaming regulatory authorities to ensure that all proposed management contracts meet the requirements established by IGRA. The Division conducts required background investigations to ensure the satisfaction of related suitability criteria as it relates to management contractors. The Division has the primary responsibility for evaluating and ensuring compliance with the National Environmental Policy Act as it relates to projects proposed by the terms of proposed management contracts. The Division also manages the submission and distribution of results from the processing of fingerprint identification and background investigations through a Memorandum of Understanding (MOU) with the FBI. The Division is also responsible for tracking and reporting annual Indian gaming industry gross revenue.

**The Division of Enforcement** serves as the Commission’s main tool in monitoring Tribal compliance with all applicable laws and regulations. The Division consists of seven regional offices and four satellite offices. The Commission is considering making the Rapid City satellite office a regional office in fiscal year 2010. A satellite office may be created in the Buffalo, New York area as well.

Regional Office – Portland, OR	Satellite Office – Bellingham, WA
Regional Office – Sacramento, CA	Satellite Office – Temecula, CA
Regional Office – Phoenix, AZ	
Regional Office – St. Paul, MN	Satellite Office – Rapid City, SD
Regional Office – Tulsa, OK	
Regional Office – Washington DC	Satellite Office – Flowood, MS
Regional Office – Oklahoma City, OK	

Employees from the Division of Enforcement regularly visit Indian gaming facilities in their region, evaluating compliance with relevant federal laws and regulations. Given the vastness of Indian gaming, education and outreach are among the Division’s best tools in achieving compliance. As such, the Division offers monthly training programs covering a wide range of issues. The Division also plays a critical role in processing background investigations at Indian gaming facilities. IGRA requires tribes to conduct background investigations on key employees and primary management officials, including submission of fingerprint

cards to the FBI. The Division processes thousands of investigative reports, fingerprint cards, and employee applications on an annual basis.

**The Division of Congressional Affairs and Media Relations** is responsible for the planning, coordination, and management of agency programs and activities relating to both legislative and public affairs. Among its principal duties, the Division monitors legislation affecting the Commission and advises on any necessary policy action. The Division coordinates submission of bills, resolutions, reports, testimony, and other statements on legislation to the Congress, and also prepares agency press releases, speeches, reports, and policy statements.

**The Division of Audits** monitors compliance with the Commission's minimum internal control standards and other regulations specific to the operational workflows of the gaming enterprises. The internal control regulations establish uniform standards that have proven essential in protecting the integrity of Indian gaming, given the cash-intensive nature of the business. The result of these reviews provides valuable feedback to tribal governments regarding regulatory compliance but, most importantly, how they can better safeguard their investments. The Division is also called upon from time to time to provide support to the Commission's Enforcement Division in the investigation of alleged financial irregularities. Based on an analysis of financial filings with the Commission, trends are identified that will better aid the agency in the administration of its regulatory responsibilities. Consultation with the tribes, particularly their gaming regulatory authorities, is an ongoing process geared toward identifying best practices that warrant codification in the NIGC regulations.

**The Division of Training** was established in fiscal year 2008 to provide both external and internal training. The Division supports the implementation of Public Law No. 109-221 and assists in attaining the strategic goal of organizational excellence. Externally, the Division of Training, among other responsibilities, coordinates numerous course offerings presented in the Commission's Training Catalog. The Division works with tribal governments, gaming regulators, law enforcement, members of the state and federal families, and other constituencies to identify needed areas of training. Internally, the Division coordinates training to ensure that employees have the skills necessary to perform their work effectively.

**The Division of Administration** provides administrative, technical, and support services to the Commission, including its regional and satellite offices. All daily office support functions, including personnel management, procurement activities, travel, and information technology are provided by the Administration Division. The Division also is responsible for accounting of fees, network management and internet services, records management, and Freedom of Information Act requests.

**The Office of the General Counsel** provides legal advice and counsel to the Commission on all matters relating to IGRA and Commission compliance with all applicable laws and regulations. The Office represents the Chairman in all enforcement actions and, as needed, coordinates with the U.S. Department of Justice to implement the Commission's enforcement actions. The Office also plays an important role in handling appeals before the full Commission, and where Commission action results in litigation, the Office works directly with the Department of Justice attorneys handling the case.

The Office of the General Counsel also manages the day-to-day legal affairs of the Commission, providing counsel and legal support to each division. The Office reviews tribal gaming ordinances and proposed management contracts, provides legal advisory opinions on the appropriate classification of games played in Indian gaming facilities, on Indian land issues, contract issues, and general law questions. The Office also coordinates opinions and other specific matters with the Department of the Interior's Office of the Solicitor, and other federal agencies as necessary.

### **Recent Changes Affecting Budget Priorities**

When IGRA was enacted in 1988, Indian gaming was a \$100 million per year industry, and the agency operated on a \$2.5 million budget. The years since the enactment of IGRA have seen a tremendous growth in the Indian gaming industry. Currently, the industry consists of over 400 Indian gaming operations in 29 states. These operations are owned, operated, or licensed by more than 240 tribal governments. The industry generated \$26.7 billion of gross gaming revenues in 2008, an increase of over 2.3% from 2007.

In addition to the tremendous increase in Indian gaming revenues, the technology of games is changing and financial resources must be directed to training Commission officials, or contracting with technical experts, to assure proper audit and review of individual gaming operations. Training must also be offered to tribal gaming operators and regulators to assure their ability to regulate their operations.

The Commission plans to continue meeting and consulting with individual tribes and their governmental leaders and gaming regulators to address gaming regulatory and other issues of concern. In 2009, the Commission engaged in government-to-government consultations with 98 individual tribes across the country, in which 428 tribal representatives attended.

## **Background**

Prior to 1997, the Commission was legislatively prohibited from collecting fees in excess of \$1.5 million annually. The 1998 Interior Appropriations Act (P.L. 105-83) expanded the fee base to include Class III (casino style) gaming and raised the limitation on annual fee collections to \$8 million. In the 2003, 2004, 2005, and 2006 Interior Appropriations Acts, the Congress enacted a general provision raising this limitation to \$12 million for fiscal years 2004, 2005, 2006, and 2007 respectively. On May 12, 2006, the Native American Technical Corrections Act of 2006 was enacted.

The newly enacted fee limitation allows the Commission to maintain a fee collection level that is in proportion to the size of the industry it oversees. With fees now capped at 0.080% of the industry's gross revenue, the Commission's funding will expand or contract in proportion to the growth or contraction of the Indian gaming industry.

Another change included in Public Law No. 109-221 was the requirement that the Commission, like other Federal agencies, be subject to the Government Performance and Results Act of 1993 (GPRA), and that any plan instituted in compliance with GPRA include technical assistance to tribal gaming operations. To that end, on January 8, 2009, the NIGC submitted its GPRA Strategic Plan for fiscal years 2009 to 2014 to Congress and the Office of Management and Budget (OMB).

## **Annual Fees for Operations**

The Commission assesses annual fees on tribal gaming revenues in accordance with procedures set forth in 25 C.F.R. Part 514. In 2009, the Commission promulgated changes to these regulations that became effective on December 31, 2009. Per the new regulation, on or before February 1, the Commission will publish a preliminary fee rate. If necessary, changes to the fee rate will be published no later than July 1 of that year. The rate must be sufficient to generate income to fund the annual operation of the Commission, and to maintain a transition balance for the upcoming year's operation. Each gaming operation must submit payments for fees assessed by March 1<sup>st</sup> and August 1<sup>st</sup> of each calendar year.

Maintenance of the transition balance is essential to the fiscal integrity of the Commission because the unique statutory provisions governing the Commission's funding subject it to significant cash flow variations. Unlike other federal agencies, the Commission's authorizing legislation does not provide for full funding at the beginning of each fiscal year. Instead, the Commission receives semi-annual payments equal to approximately 1/2 of each gaming operation's projected annual fee assessment. The carryover transition balance is necessary to cover the first and second quarter of operation until the fees are actually received and credited to the operating account. For example, fees collected on or before the August 1<sup>st</sup>, 2010 due date will provide the operational capital for the first five months of fiscal year 2011. The Commission attempts to maintain a transition balance to fund the first two quarters of the new fiscal year in order to absorb any cash flow variations that may occur.





**DEPARTMENT OF THE INTERIOR  
NATIONAL INDIAN GAMING COMMISSION**

**Appropriation Summary Statement**

The Indian Gaming Regulatory Act (Public Law 100-497) established, within the Department of the Interior, the National Indian Gaming Commission, and provided it with independent Federal regulatory authority. The Commission monitors and regulates gaming activities conducted on Indian lands. Operating costs of the Commission are financed through annual assessments of gaming operations regulated by the Commission, consistent with provisions of the Native American Technical Corrections Act of 2006 (Public Law 109-221).



## Summary of the Fiscal Year 2011 Budget

### Permanent Appropriation

The Indian Gaming Regulatory Act, as amended, established the National Indian Gaming Commission to monitor and participate in the regulation of gaming conducted on Indian lands. The NIGC's operational costs are financed through annual assessments of gaming operations regulated by the Commission.

All costs associated with the Commission's operation during fiscal year 2011 will be derived from fees assessed on, and collected from, the regulated Indian gaming industry. The Commission will continue its consultation with the affected Tribes and evaluate their input prior to implementing the proposed budget. The revenue to be collected in 2011 will assure funding to address the full-year impact of new hires. The Commission will continue to maintain a carryover balance sufficient to ensure that cash flow variations do not negatively impact ongoing operations. As previously noted, fees are now paid semi-annually, based on each gaming Tribe's projected annual assessment. This system often results in cash flow variations, and therefore a transition balance, derived from prior-year funds carried forward to the new fiscal year, is essential to continuity of operations.

With a projected FTE utilization of 107 FTE in 2009 to 112 FTE in 2010 and 119 FTE in 2011, the NIGC is forecasting full-year obligations of \$17 million in fiscal year 2010, and \$18 million in 2011. This will allow the Commission to hire additional local and field personnel to address the demands of the expanding Indian gaming industry. These funds will also be used to upgrade and improve the NIGC's information management system, open new field offices, and expand training. This forecast excludes expenditures for oversight of class III gaming, as limited by the decision in Colorado River Indian Tribes v. National Indian Gaming Commission, 466 F. 3d 134 (D.C. Cir. 2006).

### Reimbursable Expenses

The NIGC conducts background investigations of individuals and entities with a financial interest in, or management responsibility for, potential management contracts. Pursuant to the 25 U.S.C § 2711(e), these investigations are conducted to determine whether the contracts can be approved. In accordance with § 2711(i), the Commission is reimbursed approximately \$1.0 million annually from the potential contractors to conduct these background investigations. In addition, the Commission is reimbursed for fingerprint processing costs in the approximate amount of \$1.2 million annually.

## **Fee Regulation**

The regulations implementing the legislative provisions governing the collection of fees have been revised to allow the Commission to collect the statutory maximum allowed by Congress. The revised regulations are as follows:

### **§514.1 Annual Fees**

- (d) The total amount of all fees imposed during any fiscal year shall not exceed the statutory maximum imposed by Congress. The Commission shall credit pro-rata any fees collected in excess of this amount against amounts otherwise due by March 1<sup>st</sup> and August 1<sup>st</sup> of each calendar year.

### **Supplementary Information:**

The Commission has changed its regulations to reflect changes in the statutory fee limitation. This regulation has been amended so that the amount of fees imposed by the Commission is directly related to Congressional action. The change allows the Commission to collect up to the statutory maximum and eliminates the need to regularly amend this regulation as Congress raises or lowers the fee level. The change was effective December 31, 2009.

### **Authorization:**

Indian Gaming Regulatory Act, Public Law 100-497, as amended.

### **Objectives:**

To regulate and monitor gaming conducted on Indian lands and to protect Indian gaming as a means of generating Indian tribal revenues.

### **Program Activities:**

The Commission's mission is to effectively monitor and participate in the regulation of Indian gaming pursuant to the Indian Gaming Regulatory Act (IGRA) in order to promote the integrity of the Indian gaming industry. To affect these goals, the Commission is authorized to conduct investigations, undertake enforcement actions including the issuance of notices of violation, assessment of civil fines, issuance of closure orders, approve management contracts, and issue such regulations as necessary to meet its responsibilities under the Act.

The Act grants broad authority to the Commission and provides authority to the Chairman to:

- Issue temporary closure orders.
- Levy civil fines, of up to \$25,000 per violation per day, against a tribe, management contractor, or individual operator for violation of the Act, the regulations or a tribal gaming ordinance.

- Approve tribal gaming ordinances.
- Approve gaming management contracts.
- Appoint and supervise staff.

The Commission as a whole is empowered to:

- Monitor gaming activities.
- Inspect gaming premises.
- Conduct background investigations.
- Inspect records relating to gaming.
- Approve the annual budget.
- Adopt regulations for the assessment and collection of civil fines.
- Adopt a schedule of annual fees.
- Issue permanent closure orders.
- Adopt regulations as deemed appropriate to implement the provisions of IGRA.

Together the Commission serves as an appellate body. Aggrieved parties may appeal decisions of the Chairman to the full Commission.

In carrying out these responsibilities, the Commission also:

- Provides education, training and technical assistance regarding applicable regulatory requirements.
- Assists tribes with background investigations and fingerprint processing.
- Receives and processes appeals.
- Conducts formal and informal hearings.
- Consults with Indian tribes, states and the regulated community.
- Defends against lawsuits challenging the Commission's actions.
- Issues advice and guidance through bulletins, advisory opinions and other publications.
- Provides audits and other evaluative services.

**DEPARTMENT OF THE INTERIOR**  
**NATIONAL INDIAN GAMING COMMISSION**  
**Special Fund Receipt/Expenditure Account**  
**Gaming Activity Fees**  
**(in millions of dollars)**

Identification code 14-5141-0-2-806	2009	2010	2011
	Actual	Estimate	Estimate
01.99 Balance, start of year.....	-	-	-
Receipts: Actual for 2009 and Estimated 2010 and 2011			
02.00 NIGC, Gaming activity fees.....	16	17	18
02.99 Total receipts and collections.....	16	17	18
04.00 Total: Balances and Collections.....	16	17	18
Appropriations:			
National Indian Gaming Commission			
05.00 NIGC, Gaming activity fees.....	-16	-17	-18
05.99 Total appropriations.....	-16	-17	-18
07.99 Balance, end of year.....	-	-	-
<b>Program and Financing (in millions of dollars)</b>			
<u>Obligations by program activity:</u>			
00.01 Direct Program Activity	10	17	18
10.00 Total new obligations.....	10	17	18
<u>Budgetary resources available for obligation:</u>			
21.40 Unobligated balance carried forward, start of year.....	3	9	9
22.00 New budget authority (gross).....	16	17	18
23.90 Total budgetary resources available for obligation.....	19	26	27
23.95 Total new obligations.....	-10	-17	-18
24.40 Unobligated balance carried forward, end of year.....	9	9	9
New budget authority (gross), detail:			
Mandatory:			
60.20 Appropriation (special fund).....	16	17	18
<u>Change in obligated balances:</u>			
72.40 Obligated balance, start of year.....	1	1	2
73.10 New obligations.....	10	17	18
73.20 Total outlays (gross).....	-10	-16	-18
74.40 Obligated balance, end of year.....	1	2	2
<u>Outlays (gross), detail:</u>			
86.97 Outlays from new mandatory authority.....	10	12	13
86.98 Outlays from mandatory balances.....	-	4	5
87.00 Total Outlays (gross).....	10	16	18
<u>Net budget authority and outlays:</u>			
89.00 Budget authority.....	16	17	18
90.00 Outlays.....	10	16	18

**DEPARTMENT OF THE INTERIOR  
NATIONAL INDIAN GAMING COMMISSION  
Special Fund Receipt/Expenditure Account  
Gaming Activity Fees**

**Object Classification (in millions of dollars)**

Identification code 14-5141-0-2-806	2009 Actual	2010 Estimate	2011 Estimate
<b>Direct obligations</b>			
11.11 Personnel compensation: Full-time permanent.....	10	10	11
11.21 Civilian personnel benefits.....	3	3	3
12.10 Travel and transportation of persons.....	1	1	1
11.31 Rental payments to GSA.....	1	1	1
12.52 Other Services.....	2	1	1
19.90 Subtotal, direct obligations.....	17	16	17
99.95 Below reporting threshold.....	-	1	1
Adjustment to prior year obligations.....	-7 *		
99.99 Total new obligations.....	10	17	18
<b>Personnel Summary</b>			
<b>Total compensable workyears</b>			
Full-time equivalent employment .....	107	112	119

\*Note: In 2009, NIGC completed a reclassification of expenditures and moved \$7.3 million in expenditures incorrectly charged to the Gaming Activity Fees Account (14-5141)) to the reimbursable account (14-0118). Although these were prior year expenditures, the impact is reflected in 2009 activity.

**DEPARTMENT OF THE INTERIOR  
NATIONAL INDIAN GAMING COMMISSION  
Reimbursable Activity  
(in millions of dollars)**

**Program and Financing**

Identification code 14-0118-0-2-806	2009 Actual	2010 Estimate	2011 Estimate
<u>Obligations by program activity:</u>			
00.01 Reimbursable Program Activity	10	3	3
10.00 Total new obligations.....	10	3	3
<u>Budgetary resources available for obligation:</u>			
21.40 Unobligated balance carried forward, start of year.....	9	2	2
22.00 New budget authority (gross).....	2	3	3
22.10 Resources available from recoveries of prior year obligations.....	1	-	-
23.90 Total budgetary resources available for obligation.....	12	5	5
23.95 Total new obligations.....	-10	-3	-3
24.40 Unobligated balance carried forward, end of year.....	2	2	2
<u>New budget authority (gross), detail:</u>			
Discretionary:			
Spending authority from offsetting collections:			
58.00 Spending authority from offsetting collections .....	2	3	3
<u>Change in obligated balances:</u>			
72.40 Obligated balance, start of year.....	1	1	1
73.10 New obligations.....	10	3	3
73.20 Total outlays (gross).....	-9	-3	-3
73.45 Recoveries of prior year obligations.....	-1	-	-
74.40 Obligated balance, end of year.....	1	1	1
<u>Outlays (gross), detail:</u>			
86.97 Outlays from new discretionary authority.....	2	3	3
86.98 Outlays from discretionary balances.....	7	-	-
87.00 Total outlays (gross) .....	9	3	3
<u>Offsets:</u>			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from Non-Federal sources.....	2	3	3
<u>Net budget authority and outlays:</u>			
89.00 Budget authority.....	-	-	-
90.00 Outlays .....	7	-	-

**DEPARTMENT OF THE INTERIOR**  
**NATIONAL INDIAN GAMING COMMISSION**  
**General and Special Funds: Salaries and Expenses**

**Object Classification (in millions of dollars)**

Identification code 14-0118-0-4-806	2009 Actual	2010 Estimate	2011 Estimate
Reimbursable obligations			
22.52 Other services.....	3	3	3
Adjustment to prior year obligations.....	7 *		
99.99 Total new obligations.....	10	3	3

\*Note: In 2009, NIGC completed a reclassification of expenditures and moved \$7.3 million in expenditures incorrectly charged to the Gaming Activity Fees Account (14-5141) to the reimbursable account (14-0118). Although these were prior year expenditures, the impact is reflected in 2009 activity.

**DEPARTMENT OF THE INTERIOR  
NATIONAL INDIAN GAMING COMMISSION  
EMPLOYEE FTE COUNT BY GRADE OR GRADE EQUIVALENT**

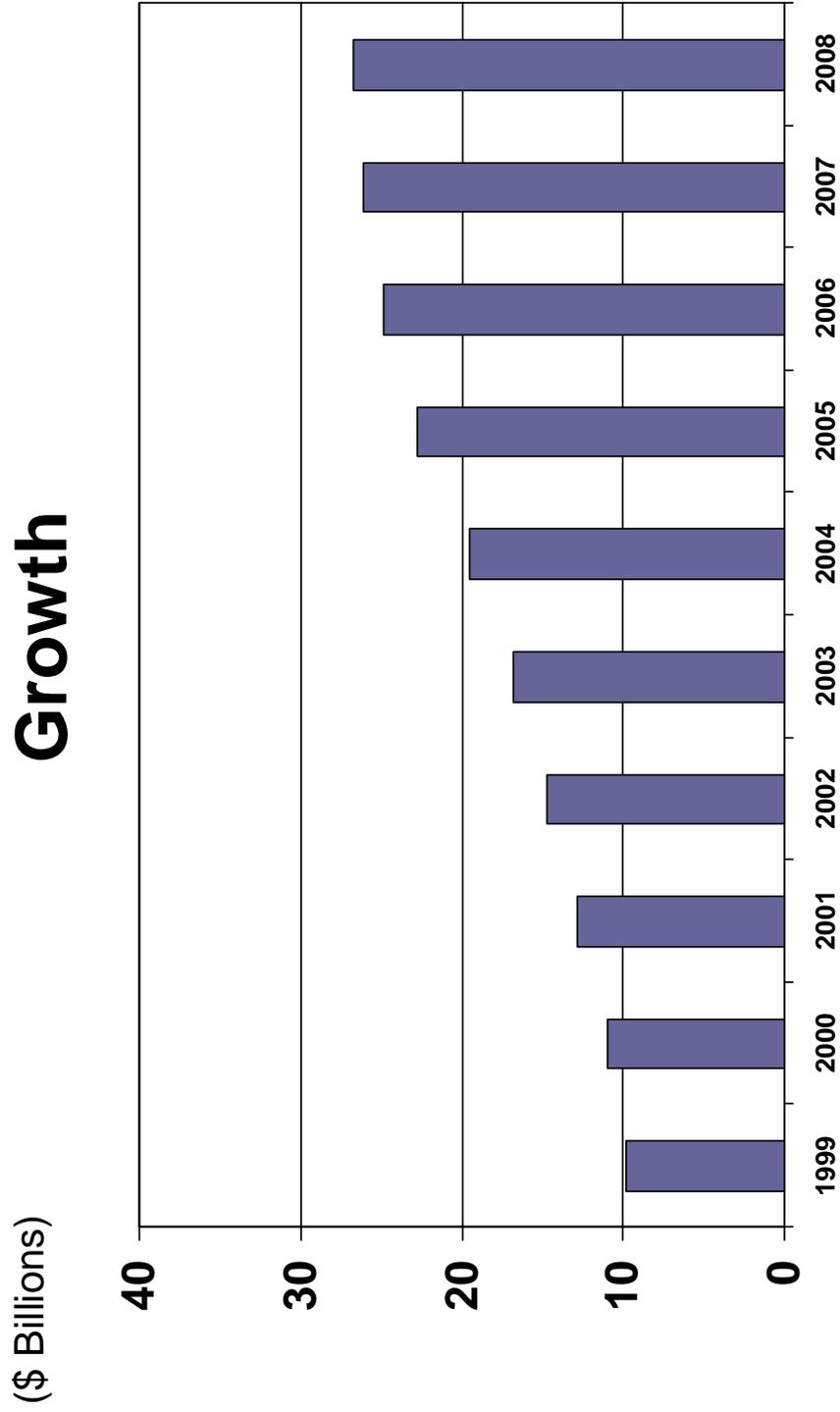
	<b>2009 Actual</b>	<b>2010 Estimate</b>	<b>2011 Estimate</b>
EX-IV	1	1	1
EX-V	1	2	2
ES-4	1	2	2
ES-3	1	1	1
ES-1	0	1	1
GS-15	13	13	14
GS-14	14	16	19
GS-13	35	35	36
GS-12	21	21	23
GS-11	3	2	2
GS-10	3	4	4
GS-09	4	4	4
GS-08	0	0	0
GS-07	0	0	0
GS-06	9	9	9
GS-05	1	1	1
<b>Total FTE</b>	<b>107</b>	<b>112</b>	<b>119</b>

In accordance with the Act, appointments are made without regard to the provisions of Title 5, U.S. Code governing appointments in the competitive services

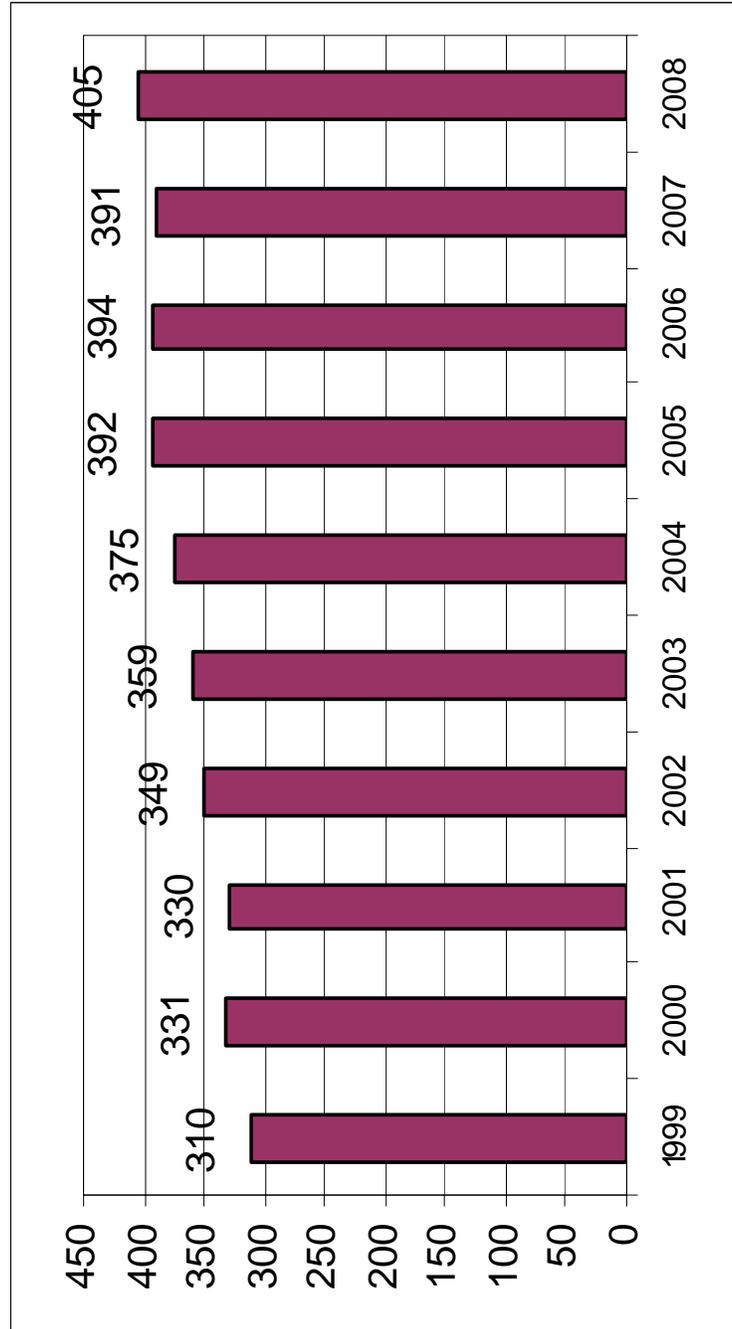


<b>NIGC Summary of Employment</b>			
	<b>Number of Positions</b>		
	<b>2009 Actual</b>	<b>2010 Estimate</b>	<b>2011 Estimate</b>
<b>Enforcement</b>			
HQ - Washington, DC	2	3	3
Portland Region	4	5	6
Sacramento Region	5	6	6
Phoenix Region	5	6	6
St. Paul Region	4	5	5
Tulsa Region	4	4	4
Washington, DC Region	1	2	2
Oklahoma City Region	4	5	6
Satellite - Rapid City, SD	2	3	3
Satellite - Temecula, CA	2	3	4
Satellite - Bellingham, WA	1	1	1
Satellite - Flowood, MS	1	1	1
<b>Total Enforcement</b>	<b>35</b>	<b>44</b>	<b>47</b>
<b>Management Contracts &amp; Investigations</b>			
HQ - Washington, DC	6	6	6
Various	8	8	8
<b>Total Management Contracts &amp; Investigations</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Audits</b>			
HQ - Washington, DC	1	1	1
Region 1 - Portland, OR	5	5	5
Region 2 - Sacramento, CA	3	3	4
Region 3 - Phoenix, AZ	2	2	2
Region 4 - St. Paul, MN	2	2	2
Region 5 - Tulsa, OK	2	2	3
Region 6 - Washington, DC	1	1	1
Satellite - Rapid City, SD	1	1	1
Satellite - Temecula, CA	1	1	1
Satellite - Flowood, MS	2	2	3
<b>Total Audits</b>	<b>20</b>	<b>20</b>	<b>23</b>
<b>Office of the General Counsel</b>	<b>20</b>	<b>21</b>	<b>21</b>
<b>Training</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Administration</b>			
Administration	14	14	15
Information Technology	5	5	5
<b>Total Administration</b>	<b>19</b>	<b>19</b>	<b>20</b>
<b>Congressional Affairs and Media Relations</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Commission Staff</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Total</b>	<b>115</b>	<b>126</b>	<b>135</b>
<b>Utilization rate</b>	<b>93%</b>	<b>89%</b>	<b>88%</b>
<b>FTE Utilization</b>	<b>107</b>	<b>112</b>	<b>119</b>

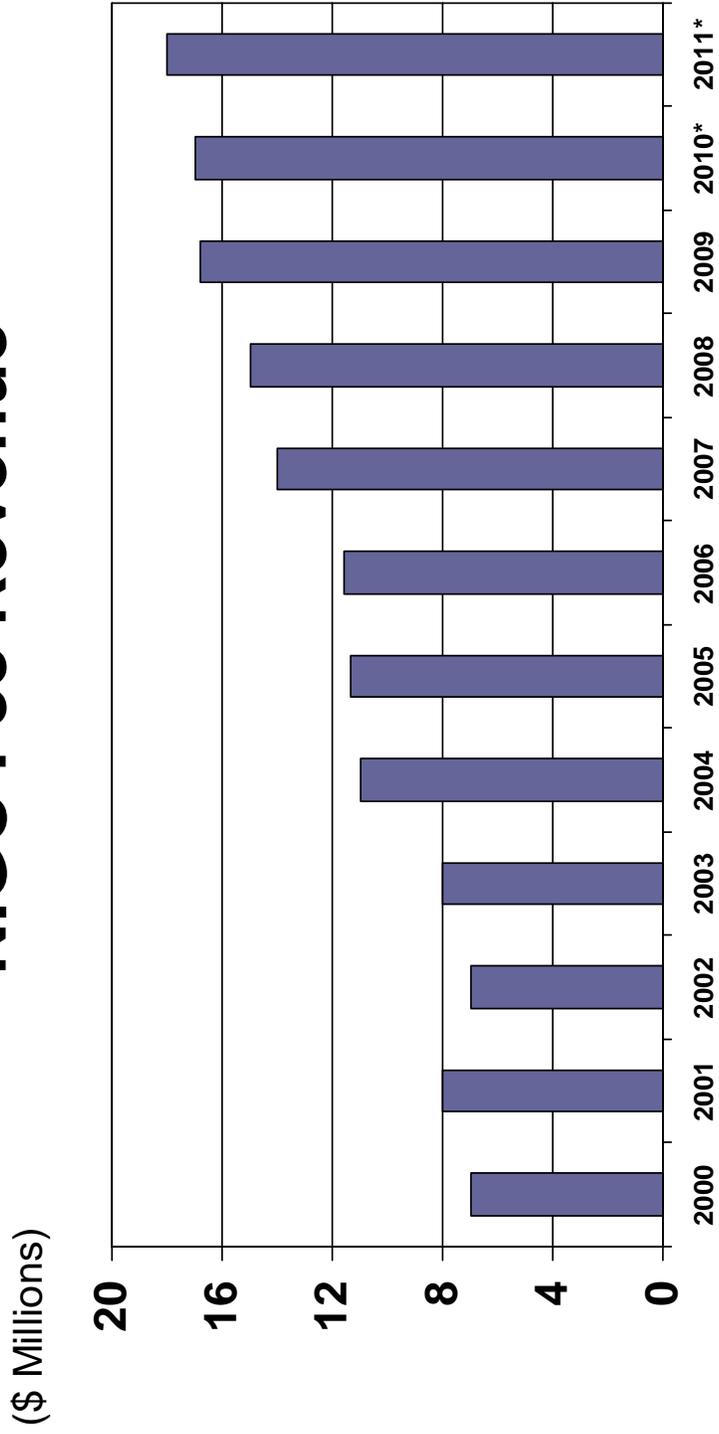
# Indian Gaming Industry Growth



# Growth in Indian Gaming Operations

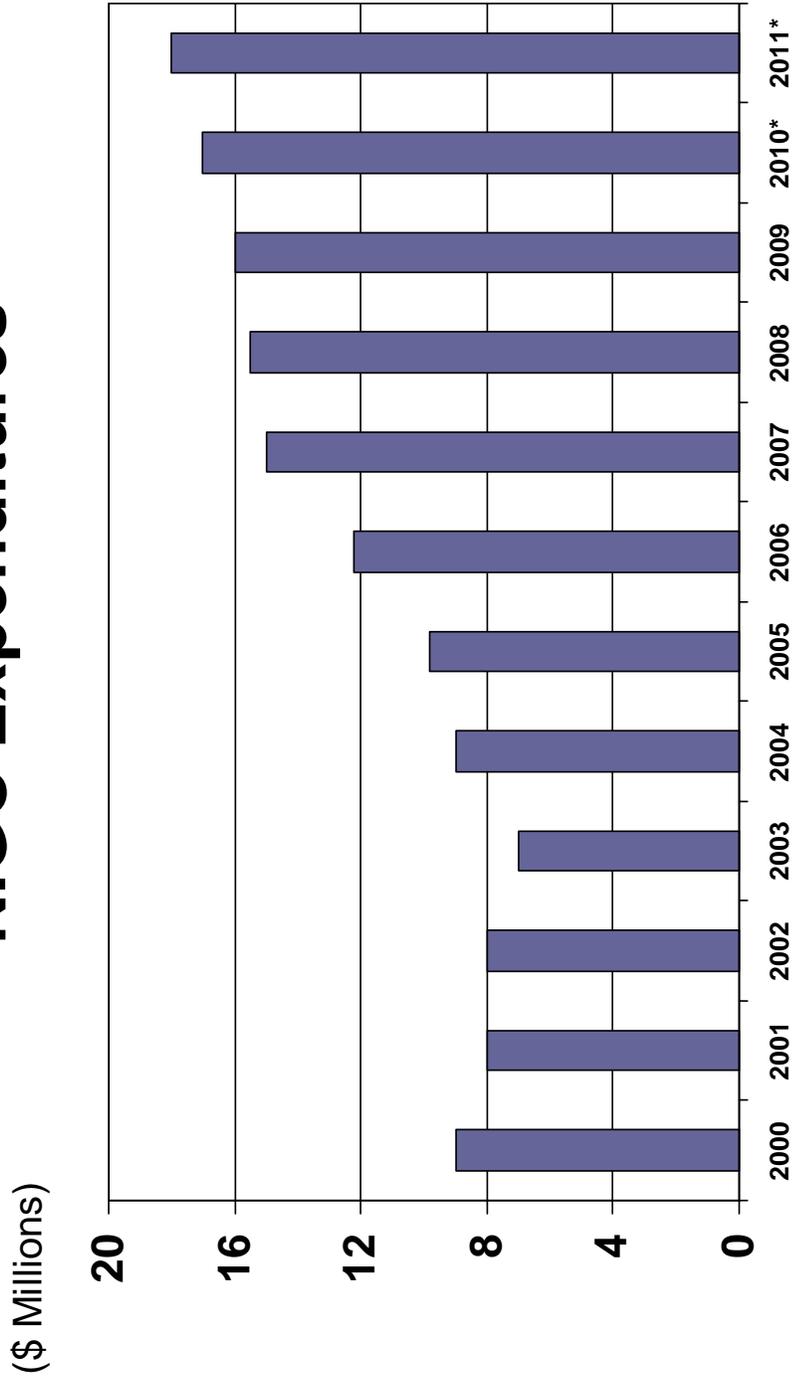


# NIGC Fee Revenue



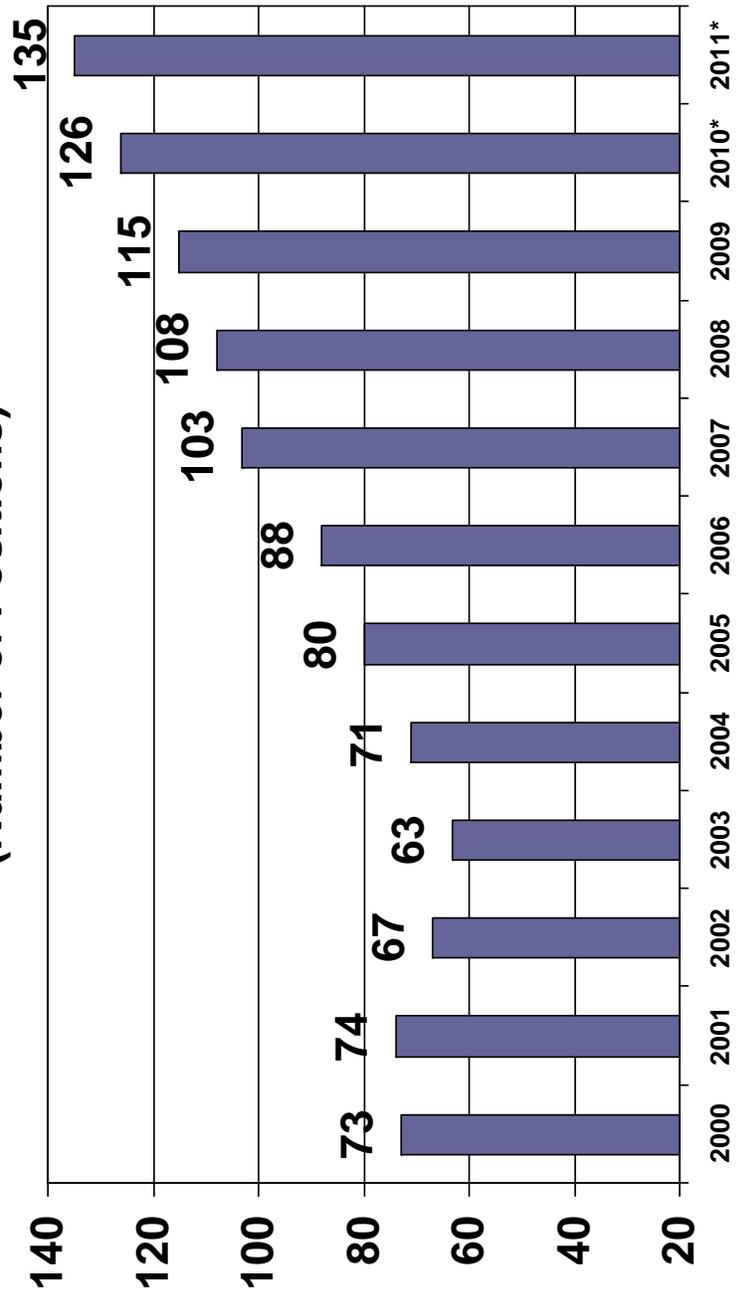
\* Forecast

# NIGC Expenditures



\* Forecast

# Staffing Levels (Number of Positions)



\* Forecast



# **Government Performance and Results Act Information**

## **Summary and Highlights of Commission Activities**

**The Commission's accomplishments during the past fiscal year include the following:**

- In 2009, the NIGC hired a full time machine expert who is responsible for monitoring compliance with NIGC technical standards and for providing training to NIGC employees and tribal governments.
- Conducted an internal audit of past Commission financial records to confirm the accuracy and reliability of cash receipts for gaming fees, fingerprint processing charges, background investigation reimbursements, and penalty/fine assessments. Deposit records from past years were audited and a report of exceptions was produced. In conjunction therewith, Commission fund balances were verified.
- Account receivables were examined and adjustments identified. Both underpayments and overpayments were revealed and remedial actions were initiated to rectify inaccurate entries or incorrect payments.
- Implemented an enhanced budgeting process that will facilitate greater involvement by Division and regional office heads in budget development and monitoring of expenditures. This enhanced budgeting process is anticipated to aid greatly in the projection of cash receipts and disbursements, thereby enabling the identification of a more reliable gaming fee rate tied to the Commission's operational needs.
- Improved and streamlined the system through which fee payments may be tracked at the regional level, and distributed updated fee statements to individual gaming operations.
- In response to the need to develop a comprehensive set of regulations specific to Class II gaming that would be commensurate with the 25 CFR Part 542 MICS regulations, Commission personnel worked with an advisory committee composed of tribal representatives to establish a new set of MICS specific to Class II gaming.
- Responded to a request from 12 tribes in California conducting Class III gaming to assume responsibility for monitoring compliance with the NIGC Minimum Internal Control Standards (MICS).
- In 2009, the NIGC instituted a quarterly conference call with the Environmental Protection Agency (EPA) to improve communication between the two agencies regarding Indian country issues.
- Worked with tribes and private financial institutions to address complex issues related to the financing of tribal gaming operations in a challenging economic environment.
- Performed MICS audits specific to Class II gaming operations. The audit findings were produced in reports that were provided to the audited tribes and, thereafter, gaming operations management had six months to effectuate remedial actions to achieve compliance. The Commission often provided advice and training, as

- requested, to assist the gaming operations in identifying and implementing a remedial action plan.
- The Division of Management Contracts and Investigations completed over 7,200 hours of billable time for background investigations related to the review and approval of gaming management contracts. When Class II gaming is included in the management contracts, management contractors are required to reimburse the Commission for the time and expenses it incurs in conducting the required background investigations.
  - Improved the administrative process for annually distributing fee statements to Indian gaming operations.
  - Conducted an internal review of the Fingerprint Card Processing program and the Commission's associated costs. As a result of this review, the Commission was able to lower the rate it charges for each card from \$35 to \$24 as of October 1, 2009.
  - Continued to work with Tribes and financial institutions to provide guidance on the restructuring of debt for gaming facilities that have been impacted by a weak economy.
  - Established a Regional office in Oklahoma City, OK, in response to the rapid growth in that state of Indian gaming and the resulting increase in operational commitments to the Commission.
  - Completed development of the Tribal Access Portal (TAP), a new system that enables tribal gaming regulators who are engaged in issuing gaming licenses to check whether a license applicant has a history with any other gaming tribe. Along with information provided by the NIGC/FBI fingerprint submission service, the TAP system assists tribes to complete their own comprehensive background investigation of prospective license applicants.
  - Increased the amount of formal training offered in all seven NIGC regional offices. The subjects of the courses offered were in direct response to tribal requests for specific training.

**In addition to the above, as part of its ongoing activities, the Commission:**

- Continues to provide training to tribes within all six Commission regions, continues to facilitate voluntary compliance throughout all regions, and continues to maintain good working relationships with tribes, federal and state law enforcements agencies, and state regulatory agencies.
- Continues to work with the Indian Gaming Working Group (IGWG) to better coordinate law enforcement and investigative activities in the Indian gaming industry.
- Continues to implement and maintain a database in response to the need to facilitate the financial analysis of Indian gaming operations' annual audited financial statements and Agreed Upon Procedures Report.
- Continues to populate a database within the Office of the General Counsel, which includes litigation tracking, tracking of Indian lands, and a uniform assignment system.

- Continues to review and approve Indian gaming management contracts and tribal gaming ordinances, pursuant to IGRA.
- Continues to perform MICS audits specific to Class II gaming operations.
- Continues to respond to requests from tribal gaming operators and regulators for training on the MICS and other Commission regulations specific to fees, audited financial statements, and Agreed Upon Procedures Reports. Commission personnel conducts training that is generally held at a tribal gaming operation, and consists of one-to-three days of instruction.
- Continues to work with the MICS Advisory Committee to develop a comprehensive set of regulations for Class II gaming that would be commensurate with the 25 CFR Part 542 Minimum Internal Control Standards (MICS).
- Continues to respond to invitations from various trade organizations or other governmental entities (such as the Institute of Internal Auditors, National Indian Gaming Association, etc.) seeking a presenter to speak regarding Commission regulations.
- Continues to populate a database containing lands records for a significant number of tribal gaming facilities. This included 22 new facility license reviews and 150 Indian lands compliance reviews of existing facilities.
- Continues to perform audits to confirm that net revenues from a tribal gaming operation are used in accordance with IGRA.
- Through the streamlining of the review process, continues to improve its response time to tribal requests for advice on contracts that are submitted for legal review, as well as to notice of violation referrals.
- Continues streamlining several administrative processes, including the submission by tribes of administrative fees, as well as the process regarding background checks and licensing of primary management officials and key employees.
- Continues to cooperate with the Department of the Interior on implementing “section 20” regulations.
- Continues the implementation of a database to accumulate financial data from the gaming operations’ audited financial statements and Agreed-Upon-Procedures Report filings; the database is intended to enhance agency decision making.
- Continues to work to authorize fingerprint checks and criminal history checks for vendors through the Federal Bureau of Investigation.
- Continues developing and distributing a wide range of internal Commission administrative and personnel policy chapters, including manuals for the individual Divisions/Offices.
- Continues the development and population of the Indian lands database.
- Continues the implementation of the NIGC EEO program.

**As part of its program objectives for fiscal years 2010 & 2011, the Commission plans to:**

- Evaluate the need for and, if necessary, establish an additional regional office in Rapid City, SD and a satellite office in the Buffalo, NY area.

- Conduct EPHS training sessions in each region and participate with the regional offices in at least 10 EPHS site visits.
- Conduct at least six regional training events per year. A training curriculum has been developed and presenters will be trained to implement the program.
- Develop procedures to improve response time to requests for providing technical assistance to tribes, and increase the amount of technical assistance provided.
- Continue to improve the amount and quality of the information used to populate the Indian lands database.
- Continue to perform MICS and other types of compliance audits for the purpose of ensuring the internal controls of Tribal gaming operations are commensurate with that of the gaming industry.
- Initiate/enhance a workflow to respond to Class III gaming tribes located in California that have amended their respective gaming ordinances to delegate to the Commission the authority to regulate their Class III gaming activities. Currently 12 tribes have amended their gaming ordinances accordingly.
- Continue the development of the Commission's internal administrative and personnel manual, and develop and implement training programs for it.
- Implement submission of fees and worksheets on a semi-annual basis, rather than quarterly basis, per the regulatory changes to 25 C.F.R. §514 that became effective December 31, 2009.
- Continue to populate the Commission website with up-to-date Commission material, data and training videos.
- Continue to implement the requirements of GPRA. Publish a performance report for fiscal year 2010 and develop and implement a performance measurement system.

## **Summary of NIGC Vision, Mission, Goals, Outcomes**

### **Vision**

An Indian gaming industry in which Indian tribes are the primary beneficiaries of gaming revenues; gaming is conducted fairly and honestly by both operators and players; and tribes and gaming operations are free from organized crime and other corrupting influences.

### **Mission**

To effectively monitor and participate in the regulation of Indian gaming pursuant to the Indian Gaming Regulatory Act in order to promote the integrity of the Indian gaming industry.

### **Strategic Goal One**

Increase compliance with gaming laws and regulations

#### Objectives

- 1.1 Effectively monitor compliance with gaming laws and regulations
- 1.2 Expand the knowledge and implementation of gaming laws and regulations throughout the industry

### **Strategic Goal Two**

Increase service to tribal governments and gaming operations

#### Objectives

- 2.1 Improve technical assistance to tribal governments and gaming operations
- 2.2 Improve inter-agency relationships and communications

### **Strategic Goal Three**

Maximize the use of NIGC resources

#### Objectives

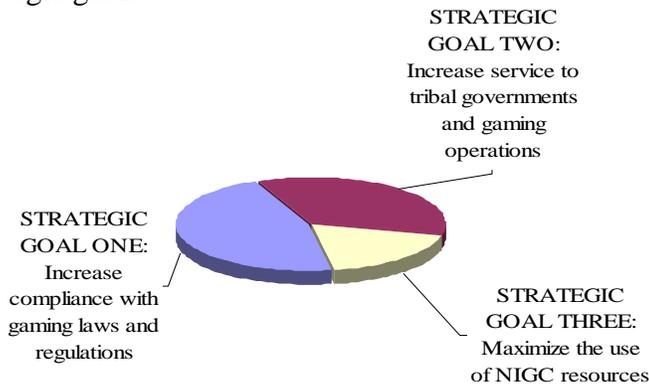
- 3.1 Improve agency administration
- 3.2 Develop human resource programs that support the Commission's mission, goals and objectives

# Overview of Planned Objectives by Strategic Goal

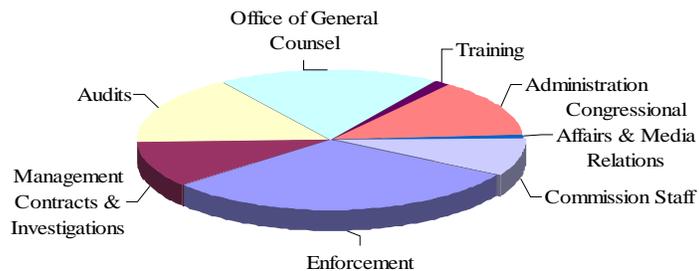
## Introduction

The Indian gaming industry has experienced tremendous growth since the enactment of IGRA in 1988. Currently, the industry consists of over 400 gaming operations in 29 states. These operations are owned, operated, or licensed by more than 240 tribal governments. The industry generated \$26.7 billion of gross gaming revenues in 2008, an increase of 2.3% from 2007. The Commission’s mission is to effectively monitor and participate in the regulation of Indian gaming pursuant to IGRA in order to promote the integrity of the Indian gaming industry.

The Commission anticipates outlays of \$18 million in fiscal year 2011 to fund its efforts towards its three strategic goals:



To achieve the planned objectives for fiscal year 2011, the Commission will allocate the \$18 million request among eight functional areas: Enforcement, Management Contracts and Investigations, Auditing, Office of the General Counsel, Training, Administration, Congressional and Public Affairs, and Commission Staff.



## **Strategic Goal One: Increase compliance with gaming laws and regulations**

Increasing compliance with gaming laws and regulations is a core component of the Commission's mission. Detecting and eliminating issues of noncompliance will ultimately enhance the integrity of Indian gaming, as well as facilitate the Commission's organizational vision. In support of Strategic Goal # 1, the Commission has identified two primary objectives: (1) effectively monitor compliance with gaming laws and regulations; and (2) expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry. These objectives are key to not only accomplishing the Commission's primary mission of monitoring and participating in the regulation of Indian gaming, but also of assisting tribes and tribal regulatory agencies in self-regulation.

### **Objective 1.1: Effectively monitor compliance with Indian gaming laws and regulations.**

Monitoring, and when necessary, enforcing gaming laws and regulations is an essential function of the Commission. In the past, some tribes have been subjected to findings and enforcement actions by the Commission, including:

- Operational compliance audits that have resulted in hundreds of findings of non-compliance with required minimum internal control standards relative to cash handling and revenue accountability; and
- The issuance of numerous notices of violations, facility closure orders, and the imposition of substantial monetary fines totaling millions of dollars.

The Commission also works with other federal agencies to ensure the integrity of the Indian gaming industry. Stemming from NIGC investigations, other agencies have brought public corruption investigations, prosecutions, convictions, and fines for a variety of gaming-related offenses including (but not limited to):

- Misappropriation of Indian gaming revenues, or unlawful receipt of funds from gaming contractors;
- Internal theft or embezzlement of funds in Indian gaming operations; and
- Tax-related violations for not reporting gambling winnings, and for non-compliance with the Title 31 money laundering statutes.

These findings and enforcement actions directly affect the profitability of the Indian gaming operation, and in relation to the Commission's vision and mission, the integrity of the Indian gaming industry and ensuring that tribe's are the primary beneficiaries of Indian gaming revenue.

The Commission will utilize three strategies in order to effectively monitor compliance with gaming laws and regulations.

First, the Commission will ensure that tribes meet IGRA's prerequisites for conducting gaming by making timely determinations on tribal gaming ordinances, management contracts, and other statutorily-required activities.

Second, the Commission will conduct monitoring activities of Indian gaming operations in a uniform and consistent manner. Routine site visits will consist of compliance reviews and the use of standardized audit checklists. The Commission will, through its various field offices, develop and maintain positive working relationships with tribal gaming regulatory authorities. The Commission will also publish annual compliance reports and annual Indian gaming revenue reports.

Finally, the Commission will conduct prudent regulatory enforcement actions as necessary. Working with tribal gaming regulatory authorities, the Commission will provide advice and assistance, as well as assessments, warnings, and recommendations for observed compliance weaknesses. As a last resort, or in cases of imminent jeopardy, the Commission will initiate enforcement actions. Most enforcement actions will result in a settlement agreement between the tribe and the Commission; thus, the Commission will monitor compliance with the provisions in these settlement agreements.

**Objective 1.2: Expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry.**

The gaming industry as a whole, and the Indian gaming industry in particular, is a highly fluid and ever-changing environment. A constantly shifting economic landscape, combined with technological changes, results in continually changing regulatory requirements. As the laws and regulations change, it is incumbent on the Commission to ensure those changes are disseminated throughout the industry as quickly and completely as possible.<sup>1</sup>

Expanding the knowledge and implementation of Indian gaming laws and regulations will involve two basic strategies.

First, the Commission will draft and publish new or revised regulations as necessary. Whenever possible, the Commission will utilize tribal advisory committees to assess either the need for new regulations or the need to revise existing regulations. In doing so, the tribes' primary role in enforcement will be continually emphasized.

Second, the Commission will provide technical assistance through formal and informal regulatory guidance to tribes. This is, in fact, the Commission's most desired approach to achieving this objective. By publishing informative bulletins which address "frequently asked questions" and "best practices," the Commission will provide the tribes with education and guidance. In addition, the Commission will conduct voluntary compliance audits, and provide timely responses to inquiries from tribes, including recommendations

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<sup>1</sup> The amendment of IGRA in May 2006 specifically mandated the Commission to provide technical assistance to tribes engaged in Indian gaming. The types of technical assistance that the Commission provides can take many forms, including formal and informal guidance.

for regulatory improvement. Initial and follow-up reviews in order to monitor progress will be made as necessary.

**Performance Outcomes for Strategic Goal # 1**

With regard to Strategic Goal # 1, the Commission will expend approximately \$7.823 million in fiscal year 2010, and \$8.323 million in fiscal year 2011, which represents a funding increase of approximately 6.39%. These resources, collectively used to implement the strategies outlined above, will enable the Commission and tribal regulatory authorities to detect and eliminate issues of noncompliance, increase the gaming tribes’ knowledge of Indian gaming laws and regulations, and enhance and augment the integrity of Indian gaming.

Specific outcomes associated with Strategic Goal # 1 include:

- An increase in the timeliness of agency determinations and/or responses to tribal submissions;
- An increase in the number and breadth of site visits and compliance audits performed by Commission personnel;
- An increase in the level of satisfaction of tribal gaming regulatory authorities and other governmental authorities in Commission regulatory activities;
- An increase in the number of tribes who indicate or demonstrate that they are familiar with IGRA and Commission regulatory requirements;
- A decrease in the number and breadth of enforcement actions and notices of violation, including monetary penalties ordered and collected; and
- A decrease in criminal investigations and law enforcement proceedings related to Indian gaming.

**Breakout of Strategic Goal One Request by Objective**

*STRATEGIC GOAL ONE: Increase compliance with gaming laws and regulations*

<b>Objectives</b>	FY 2010		FY 2011	
	\$ (000)	FTE	\$ (000)	FTE
1.1 Effectively monitor compliance with gaming laws and regulations	\$4,025	30.75	\$4,216	32.00
1.2 Expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry	3,798	27.50	4,107	30.25
<b>Total Strategic Goal One</b>	<b>\$7,823</b>	<b>58.25</b>	<b>\$8,323</b>	<b>62.25</b>

**Breakout of Strategic Goal One Request by Division**

	FY 2010		FY 2011	
	\$ (000)	FTE	\$ (000)	FTE
Enforcement	\$2,956	25.00	\$3,164	27.00
Management Contracts & Investigations	603	4.75	639	4.75
Audits	1,465	10.75	1,537	12.25
Office of the General Counsel	1,977	13.00	2,092	13.00
Administration	297	2.50	298	2.50
Congressional Affairs & Media Relations	43	0.25	45	0.25
Commission Staff	482	2.00	548	2.50
<b>Total Strategic Goal One</b>	<b>\$7,823</b>	<b>58.25</b>	<b>\$8,323</b>	<b>62.25</b>

**Strategic Goal Two:  
Increase service to tribal governments and gaming operations**

Improving the services that the Commission provides to tribal governments and gaming operations is crucial to accomplishing its mission. To be effective, the Commission must work as a partner with tribal gaming regulatory authorities. Without this partnership, the Commission will be hindered in its ability to regulate Indian gaming effectively. In support of Strategic Goal # 2, the Commission has identified two primary objectives: (1) improve technical assistance to tribal governments and gaming operations; and (2) improve inter-agency relationships and communications. Achieving these objectives will help to enhance and protect the integrity of Indian gaming and to ensure that the industry remains fair, honest, and protected from negative influences.

**Objective 2.1: Improve technical assistance to tribal governments and gaming operations.**

The 2006 IGRA amendment mandated the Commission to provide technical assistance to tribes engaged in Indian gaming. The manner of technical assistance can take many forms, including consultations and training. While consultation sessions are not necessarily technical assistance, they are often the occasion for specific discussions in which tribal representatives seek technical guidance on casino operations, regulatory issues, or other matters affecting their gaming operations. The Commission has had a formal consultation policy since 2003, and currently invests a considerable amount of time and resources in conducting consultations with tribal gaming leaders. Despite these

efforts, many tribal leaders and tribal gaming organizations have communicated that they believe the process to be inadequate and unsatisfactory to their needs for consultation and guidance. The Commission recognizes that there is room for improvement.

With regards to training, there are two main factors that drive the need for continuous training of tribal governmental and regulatory officials: (1) there is the enormous complexity of the legal and regulatory compliance requirements associated with Indian gaming; and (2) there is a consistent, relatively-high turnover rate of tribal gaming leadership, resulting in a continual loss of knowledge and expertise in Indian gaming regulatory compliance and enforcement requirements.

Improving technical assistance to tribes will involve two strategic approaches, both of which will require the collaboration and cooperation of tribal governing and regulatory authorities, coupled with mutual respect for the government-to-government relationship.

First, the Commission will work to improve the government-to-government consultation process. To accomplish this, the Commission will: reach out to the tribes and tribal organizations to work collaboratively with the Commission to establish a mutually agreeable and beneficial consultation process; annually publish upcoming consultation calendars; and actively seek and focus on issues most important to tribes, while informing them of federal issues that may have an impact on them.

Second, the Commission will establish and implement effective training programs that will focus on expressed or perceived tribal needs. These tribal needs will be met by accommodating specific requests or identified weaknesses in areas of compliance. This strategy will require the dedication of significant resources, and will consequently require adequate budgetary planning. However, the resulting benefits from this strategy will far outweigh the costs. The Commission will also encourage tribes to increase their participation in the Indian Gaming Working Group training.

## **Objective 2.2: Improve inter-agency relationships and communications.**

Protecting tribal gaming revenues, ensuring that gaming is conducted fairly, and safeguarding the industry from criminal or undesirable elements, all require a high level of cooperation and interaction among all levels of regulatory bodies. Communication amongst the Commission and tribal governments and gaming operations will only augment the quality of regulatory oversight of Indian gaming. Additionally, because many tribal regulatory bodies rely on the Commission to assist in background investigative procedures, the need exists for an improved system of support and cooperation.

To achieve this objective, the Commission will first improve and expand its external communication. This will require publishing Commission bulletins and quarterly newsletters with valuable regulatory information and guidelines. These bulletins and newsletters will be disseminated as widely as possible throughout the industry, including posting to the Commission's website ([www.nigc.gov](http://www.nigc.gov)). The website will also be updated

frequently with pertinent regulatory information and guidelines, and with Commission actions and organizational changes. The Commission will also improve its practice of maintaining an accurate list of names and tribal contact information to ensure that the information is current.

Second, the Commission will improve response time to external tribal inquiries and submissions. To accomplish this, the Commission will implement a more efficient document tracking and reporting system, and establish and monitor response time goals. In addition, we will expand the ability for tribes to make electronic submissions.

Third, the Commission will improve the methodology and timeliness of providing tribal gaming regulatory authorities with applicant background information. The Commission will implement a more efficient system for the timely acknowledgement of receipt of fingerprint submissions and fees, and respond with the results of the fingerprint checks within the required regulatory deadlines. In addition, the Commission will improve the timely distribution of monthly invoices and statements, and provide applicant background information as a routine use.

### **Performance Outcomes for Strategic Goal # 2**

With regard to Strategic Goal # 2, the Commission will expend approximately \$6.193 million in fiscal year 2010, and \$6.375 million in fiscal year 2011, which represents a funding increase of approximately 2.94%. This increase in funds reflects the Commission's ongoing efforts to improve the technical assistance that the Commission provides to gaming tribes in accordance with the 2006 IGRA amendment, as well as its continued efforts to reinforce the partnership relationship that exists between the Commission and the tribal regulatory authorities. This partnership is essential in ensuring that the Indian gaming industry remains fair, honest, and protected from negative influences.

Specific outcomes associated with Strategic Goal # 2 include:

- An increase in the timeliness and effectiveness of the Commission's responses to requests from tribal regulatory bodies for regulatory assistance;
- An increase in the level of satisfaction of tribal leaders with the consultation process and schedule;
- An increase in the number of consultations completed in fiscal year 2011 from fiscal year 2010;
- An increase in the number and breadth of training programs conducted for tribal officials;
- Maintaining the Commission's participation in the Indian Gaming Working Group;
- An increase in the level of satisfaction of tribal leaders with the Commission's training program;
- A decrease in the Commission's response time, and an increase in service with regard to processing external requests and background information.

**Breakout of Strategic Goal Two Request by Objective**

*STRATEGIC GOAL TWO: Increase service to tribal governments and gaming operations*

Objectives	FY 2010		FY 2011	
	\$ (000)	FTE	\$ (000)	FTE
2.1 Improve technical assistance to tribal governments and gaming operations	\$3,754	27.375	\$3,892	29.25
2.2 Improve inter-agency relationships and communications	2,439	17.375	2,483	18.00
<b>Total Strategic Goal Two</b>	<b>\$6,193</b>	<b>44.75</b>	<b>\$6,375</b>	<b>47.25</b>

**Breakout of Strategic Goal Two Request by Division**

	FY 2010		FY 2011	
	\$ (000)	FTE	\$ (000)	FTE
Enforcement	\$1,892	16.00	\$1,875	16.00
Management Contracts & Investigations	984	7.75	1,042	7.75
Audits	1,056	7.75	1,097	8.75
Office of the General Counsel	912	6.00	967	6.00
Training	231	1.00	245	2.00
Administration	327	2.75	358	3.00
Congressional Affairs & Media Relations	127	0.75	135	0.75
Commission Staff	664	2.75	656	3.00
<b>Total Strategic Goal Two</b>	<b>\$6,193</b>	<b>44.75</b>	<b>\$6,375</b>	<b>47.25</b>

### **Strategic Goal Three: Maximize the use of Commission resources**

The Commission's third strategic goal is challenging, yet critical to the organization's mission accomplishment. Compared to most federal agencies, the Commission is a relatively new entity. In the past, the Commission was subject to funding limitations that hindered its ability to develop and keep pace with the rapidly-growing Indian gaming industry. Specifically, these funding limitations:

- prohibited the Commission from procuring the necessary resources to provide adequate services to the tribes engaged in gaming, and from providing the appropriate regulatory oversight;
- prevented the Commission from hiring and retaining highly-qualified personnel to focus on correcting organizational and procedural weaknesses; and
- required the Commission to routinely turn to Congress in order to raise the cap on funding.

When IGRA was amended in 2006, the Commission was able to realize a more adequate and stable source of funding. The Commission's funding is now based on fee assessments on a limited percentage of industry-wide Indian gaming revenues. The continued growth of Indian gaming requires the Commission to ensure that the necessary infrastructure is in place for the agency to maintain a well-qualified workforce that will better serve the industry.

#### **Objective 3.1: Improve agency administration.**

Due to the relatively small size of the Commission and its very limited resources, the Commission has, in the past, contracted with the Department of the Interior for its administrative services. At times, the lack of in-house capabilities, planning, and resources has prevented the Commission staff from providing adequate support to the Commissioners and personnel. The continued growth of the Commission requires a new focus on developing the necessary infrastructure for appropriate agency administration. The Commission recognizes that effective and efficient internal operations are critical to success in accomplishing its strategic goals and fulfilling its mission.

First, the Commission will improve fiscal discipline and provide transparency to affected stakeholders by establishing a justifiable and fiscally-sound budget. This budget will be effectively managed and tracked by closely monitoring budgeted-to-actual expenses. The Commission will also procure and implement updated financial accounting systems, and establish and comply with appropriate internal controls and funds management practices.

Second, the Commission will improve and expand internal communications by developing an intranet, as well as continuing to develop the tribal information management systems. The Commission will also hold regularly-scheduled meetings or conference calls with field personnel in the Commission's regional and satellite offices to better understand the tribal concerns in the regions.

Finally, the Commission will develop and/or procure the appropriate technological advances to enhance internal communication. The Commission will perform reasonable assessments of its technological needs, and make the necessary budget allocations with the appropriate justifications supported by sound cost/benefit analyses.

**Objective 3.2: Develop human resource programs that support the Commission's mission, goals and objectives.**

The Commission's staff is its most valuable resource in accomplishing its mission. The unique skill sets and qualifications that are necessary in Indian gaming regulation make human capital development a priority in achieving our strategic goals. The highly fluid nature of the industry combined with an ever-changing regulatory environment requires continuous training and development. Additionally, the distinctive history and cultures of the numerous tribes across the county provide exceptional challenges in fostering mutual respect between the Commission, tribal government officials, and tribal members. Only with an ambitious and comprehensive human resource development program will the Commission be able to maximize the use of its human capital.

First, the Commission will focus on developing and implementing internal agency policies and procedures. The Commission will assess and identify the areas of procedural weaknesses, or non-compliance with existing federal administrative regulations, and work to correct them. The Commission will also issue an employee handbook and an updated agency policy manual, both of which will be expanded or updated as necessary.

Next, the Commission will establish an employee development program in order to attract and retain highly-qualified personnel. The Commission will annually assess the skills of its employees and provide the necessary training to address identified skill gaps or performance weaknesses. The Commission will enable employees to attend job-related professional training opportunities through appropriate budget allocations. In addition, the Commission will update its incentive and award program, which will contribute to a higher rate of employee retention.

The Commission will implement a tribal cultural awareness training program for all agency personnel. This approach is grounded on the belief that the tribes will appreciate and value interacting with an agency whose personnel have a solid understanding and awareness of the widely-varied Native American cultures. The Commission believes that such a program provides a better foundation for mutual respect and understanding, and more effective communication. The Commission will instill a proactive cultural awareness training program to educate Commission employees in the numerous and varied tribal customs and traditions, as well as the diversity of tribal governmental structures. The Commission believes that this type of knowledge will be mutually beneficial to both the Commission and the tribes.

Finally, the Commission is in the process of developing an Indian preference policy. In the meantime, the Commission will continue its efforts to assure that it hires employees who have experience in and knowledge and understanding of Native American culture.

### Performance Outcomes for Strategic Goal # 3

With regard to Strategic Goal # 3, the Commission will expend approximately \$2.984 million in fiscal year 2010, and \$3.302 million in fiscal year 2011, which represents a funding increase of approximately 10.66%. These funds will be utilized as part of the Commission’s continuing efforts towards efficient agency operations, financial transparency and accountability, and maintaining a qualified workforce. Additionally, the funds spent on Strategic Goal # 3 will contribute to the Commission’s ongoing tribal cultural awareness programs.

Specific outcomes associated with Strategic Goal # 3 include:

- The establishment and effective management of a fiscally sound budget, with a low variance between budgeted and actual expenditures;
- The adherence of Commission personnel to internal compliance programs;
- The publication and updating of employee manuals and Commission policies and procedures;
- An increase in the amount of formal training for Commission personnel;
- The identification and implementation of agency technological needs; and
- An increase in the number and breadth of cultural awareness training programs.

#### **Breakout of Strategic Goal Three Request by Objective**

*STRATEGIC GOAL THREE: Maximize the use of NIGC resources*

Objectives	FY 2010		FY 2011	
	\$ (000)	FTE	\$ (000)	FTE
3.1 Improve agency administration	\$2,345	18.125	\$2,570	20.00
3.2 Develop human resource programs that support the Commission's mission, goals and objectives	639	4.875	732	5.50
<b>Total Strategic Goal Three</b>	<b>\$2,984</b>	<b>23.00</b>	<b>\$3,302</b>	<b>25.50</b>

**Breakout of Strategic Goal Three Request by Division**

	FY 2010		FY 2011	
	\$ (000)	FTE	\$ (000)	FTE
Enforcement	\$355	3.00	\$469	4.00
Management Contracts & Investigations	190	1.50	201	1.50
Audits	204	1.50	251	2.00
Office of the General Counsel	304	2.00	322	2.00
Administration	1,630	13.75	1,731	14.50
Commission Staff	301	1.25	328	1.50
<b>Total Strategic Goal Three</b>	<b>\$2,984</b>	<b>23.00</b>	<b>\$3,302</b>	<b>25.50</b>

## **Division of Enforcement**

The primary focus of the Division of Enforcement is to ensure tribal compliance with the fundamental statutory and regulatory requirements of IGRA. The Division's oversight activities are concentrated into six critical functions. These include:

- Monitoring Indian gaming operations for compliance with Commission regulations. Such monitoring activities range from reviews of gaming operation books and records, to on-site inspection of steps taken by a gaming operation to ensure the health and safety of the public;
- Assisting tribes in developing a regulatory structure to comply with IGRA and Commission regulations. This includes offering advice on how to best structure a tribal gaming commission, and reviewing operating procedures with tribal gaming commissions and gaming operation managers;
- Investigating matters relating to violations of IGRA. These investigations may result in the issuance of Notices of Violation, Closure Orders, and Civil Fine Assessments by the NIGC, as well as the referral to, and initiation of, criminal investigations by various laws enforcement authorities;
- Functioning as liaison to federal, state, and tribal law enforcement officials. Field investigators facilitate the flow of information between various regulatory authorities, and help coordinate investigative and monitoring activities related to Indian gaming operations, and individuals and companies employed by Indian gaming operations;
- Mediating disputes that threaten the integrity of the tribal gaming operations. These disputes may involve factional divisions within tribes, as well as disputes between tribes and management contractors; and
- Assisting the Division of Management Contracts and Investigations in conducting background investigations of individuals and companies seeking approval of management contracts. The field investigators review pertinent documents and records, conduct interviews, and verify the accuracy of information submitted by applicants.

Working with tribal regulatory authorities, the Division of Enforcement provides advice, assistance, assessments, warnings, and recommendations for observed compliance weakness. In most cases, the Commission prefers to resolve violations through voluntary compliance. This may be achieved by issuing a warning notice and giving a tribe the opportunity to correct the practice in question. This approach usually results in improved gaming practices. Enforcement actions, while a necessary part of the Commission's oversight responsibilities, are only initiated as a last resort or in cases of imminent jeopardy. In spite of the tribe's best intentions, experience, and/or training, there are

times when enforcement action is required. During 2009, the Commission issued 39 Notices of Violation.

Training is an important part of the Commission's oversight role of Indian gaming, as well-trained tribal gaming officials will better protect the integrity of Indian gaming and assist the Commission in its regulatory oversight efforts. The Division of Enforcement plays an integral part in the overall training and technical assistance offered by the Commission to all tribes. The Division coordinates continually with the Division of Training, as training and technical assistance is a combined effort by all Divisions at the NIGC. The Enforcement Division is responsible for training on the following subjects:

- Introduction to the NIGC;
- Tribal Background Investigations and Licensing (TBIS);
- Slot Machine Compliance;
- Tribal Gaming Commissioners – Duties and Responsibilities;
- Surveillance; and
- Basic IGRA.

Training and technical assistance may be provided in the forms of site visits and/or formal sessions.

The Enforcement Division continues to be an active participant in the Indian Gaming Working Group ("IGWG"). The IGWG was established in 2003 to enhance cooperation between federal agencies and to enable more effective investigation and prosecution of criminal activity at Indian gaming operations. The Division of Enforcement participates in regular working group conferences and is actively involved in ongoing investigative activities of the working group.

## Enforcement Request by Strategic Goal

	FY 2010		FY 2011		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
<b><i>STRATEGIC GOAL ONE: Increase compliance with gaming laws and regulations</i></b>						
<b>Objectives</b>						
1.1 Effectively monitor compliance with gaming laws and regulations	\$2,246	19.00	\$2,344	20.00	\$98	1.00
1.2 Expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry	710	6.00	820	7.00	110	1.00
<b>Subtotal Strategic Goal One</b>	<b>\$2,956</b>	<b>25.00</b>	<b>\$3,164</b>	<b>27.00</b>	<b>\$208</b>	<b>2.00</b>
<b><i>STRATEGIC GOAL TWO: Increase service to tribal governments and gaming operations</i></b>						
<b>Objectives</b>						
2.1 Improve technical assistance to tribal governments and gaming operations	\$1,182	10.00	\$1,172	10.00	(\$10)	-
2.2 Improve inter-agency relationships and communications	710	6.00	703	6.00	(7)	-
<b>Subtotal Strategic Goal Two</b>	<b>\$1,892</b>	<b>16.00</b>	<b>\$1,875</b>	<b>16.00</b>	<b>(\$17)</b>	<b>-</b>
<b><i>STRATEGIC GOAL THREE: Maximize the use of commission resources</i></b>						
<b>Objectives</b>						
3.1 Improve agency administration	\$237	2.00	\$352	3.00	\$115	1.00
3.2 Develop human resource programs that support the Commission's mission, goals and objectives	118	1.00	117	1.00	(1)	-
<b>Subtotal Strategic Goal Three</b>	<b>\$355</b>	<b>3.00</b>	<b>\$469</b>	<b>4.00</b>	<b>\$114</b>	<b>1.00</b>
<b>TOTAL</b>	<b>\$5,203</b>	<b>44.00</b>	<b>\$5,508</b>	<b>47.00</b>	<b>\$305</b>	<b>3.00</b>

## **Division of Management Contracts & Investigations**

Pursuant to IGRA and Commission regulations, an Indian tribe may enter into a management contract for the operation and management of its gaming activity subject to the approval of the NIGC Chairman. Inherent considerations in the approval of a management contract include that a gaming tribe: (1) is the primary beneficiary of the gaming revenues; (2) maintains sole proprietary interest in the gaming operation; and (3) is shielded from organized crime when contracting with a management contractor. Management contracts that have not been approved by the Commission are void. The approval or disapproval of management contracts may have significant impacts on the financial viability of certain tribes. It is essential that management contracts submitted to the Commission are reviewed and approved pursuant to those regulations.

The Division of Management Contracts & Investigations endeavors to timely review, and recommend approval or disapproval of, management contracts and contract modifications submitted by tribes and management contractors, in compliance with 25 C.F.R. Parts 531, 533, and 537. Among other things, this includes:

- Determining that the Commission has a complete submission;
- Communicating with the parties during the approval process, and when necessary, requiring contract changes;
- Assuring that National Environment Protection Act (“NEPA”) compliance requirements are met; and
- Conducting background investigations to determine the suitability of contractor, when applicable.

Each year, the Division tracks and reports on actions taken, letters issued, and meetings/training held. The results are analyzed and recommendations made, when needed, to improve the process, reduce the costs, and increase effectiveness. Recommendations may also include changes to Commission regulations and/or the publishing of Commission bulletins, as well as changes to staffing levels. Limitations on reporting may be incurred due to inadequacies with the current database. The proposed database that is being tested should alleviate the reporting limitations.

The Commission does not control the submission of gaming management contracts and modifications. Rather, tribes decide if and when they wish to enter into management contracts and modifications. The Commission must be prepared to handle unexpected influxes in submissions. In addition, the timing for final agency action may be delayed due to conditions beyond the Commission’s control. For example, a tribe may decide to have a management contract on a specific site and submit a land application to the Department of the Interior to have that site taken into trust for gaming purposes. Until that site qualifies as Indian lands upon which the tribe may game, the Commission may not approve the gaming management contract.

In addition, the Division provides financial analysis capabilities in support of other Commission activities. Among other things, this includes:

- Review of tribal submissions to determine the existence of management functions in various agreements between tribes and outside parties (“R-files”);
- Establishing files for gaming ordinance and R-file submissions;
- Tracking all incoming independently audited financial statements from the tribal gaming operations;
- Annually reporting the consolidated financial results from the audited financial statements;
- Providing and preparing financial information/reports for the Commission; and
- Upon request, providing financial analysis or investigative assistance to the Office of the General Counsel and Enforcement, Audit, and Administration Divisions.

The Division is also responsible for the electronic processing of fingerprint cards for tribal gaming operations’ key employees and primary management officials, and for notifying the tribal gaming agencies of the results.

## Management Contracts & Investigations Request by Strategic Goal

	FY 2010		FY 2011		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
<b><i>STRATEGIC GOAL ONE: Increase compliance with gaming laws and regulations</i></b>						
<b>Objectives</b>						
1.1 Effectively monitor compliance with gaming laws and regulations	\$159	1.25	\$168	1.25	\$9	-
1.2 Expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry	444	3.50	471	3.50	27	-
<b>Subtotal Strategic Goal One</b>	<b>\$603</b>	<b>4.75</b>	<b>\$639</b>	<b>4.75</b>	<b>\$36</b>	<b>-</b>
<b><i>STRATEGIC GOAL TWO: Increase service to tribal governments and gaming operations</i></b>						
<b>Objectives</b>						
2.1 Improve technical assistance to tribal governments and gaming operations	\$603	4.75	\$639	4.75	\$36	-
2.2 Improve inter-agency relationships and communications	381	3.00	403	3.00	22	-
<b>Subtotal Strategic Goal Two</b>	<b>\$984</b>	<b>7.75</b>	<b>\$1,042</b>	<b>7.75</b>	<b>\$58</b>	<b>-</b>
<b><i>STRATEGIC GOAL THREE: Maximize the use of commission resources</i></b>						
<b>Objectives</b>						
3.1 Improve agency administration	\$127	1.00	\$134	1.00	\$7	-
3.2 Develop human resource programs that support the Commission's mission, goals and objectives	63	0.50	67	0.50	4	-
<b>Subtotal Strategic Goal Three</b>	<b>\$190</b>	<b>1.50</b>	<b>\$201</b>	<b>1.50</b>	<b>\$11</b>	<b>-</b>
<b>TOTAL</b>	<b>\$1,777</b>	<b>14.00</b>	<b>\$1,882</b>	<b>14.00</b>	<b>\$105</b>	<b>-</b>

## **Division of Audits**

The Audit Division is primarily responsible for performing compliance audits at tribal casinos conducting Class II gaming and, as requested or otherwise authorized, Class III gaming facilities. There are approximately 300 gaming operations that conduct some form of Class II gaming. Because the tribal gaming regulatory authorities have primary responsibility for the regulation of Indian gaming, the audit selection process is generally founded upon a risk-based analysis. Essentially, based on the examination of the financial data submitted annually to the Commission, and other information that may be developed or become public, the Division schedules audit assignments, which generally result in the performance of 8 to 10 comprehensive MICS audits per year. Additionally, another 12 to 15 audits of an abbreviated nature are performed; for example, evaluating the Internal Audit function, confirming the accuracy of NIGC fee payments, confirming compliance with the requirement that accounting records be maintained in accordance with Generally Accepted Accounting Principles, and confirming that net gaming revenues were used in a manner consistent with the Indian Gaming Regulatory Act.

The Audit Division currently has a professional staff of 23 authorized positions located in Washington, DC; St. Paul, MN; Rapid City, SD; Portland, OR; Sacramento, CA; Temecula, CA; Phoenix, AZ; Tulsa, OK; and Flowood, MS. All personnel are required to have had at least 3 years of gaming-related experience and an accounting or related degree. Although professional certification is not required to obtain employment with the Audit Division, it is highly desirable. Currently, all staff members hold one or more certifications or are working towards one. The majority of personnel are either Certified Public Accountants or Certified Fraud Examiners, or both. Other professional certifications include Certified Internal Auditor, Certified Government Audit Professional, or Certified on Financial Forensics. The Information Technology (IT) Auditors also possess one or more professional certifications specific to the field of information systems. The Commission recognizes the benefit of continued professional education and appropriates funds annually to facilitate such training.

The IT function is growing in significance to the operational integrity of casino workflows. Most keno operations, and all off-track betting revenue centers, are computerized. Additionally, the use of gaming machines linked to an on-line computer monitoring system has become pervasive within the industry. The review of these systems by the Audit Division has become a high priority. Therefore, personnel that possess the relevant technical expertise to evaluate these systems have been hired in recent years. These auditors have added value to the Division and the Commission by providing general guidance relevant to vulnerability testing and the recognition of control/process weaknesses.

As the complexity of the gaming industry has evolved, at times dramatically, it has become increasingly important that more reliable data be available to make informed decisions. Therefore, the Division accumulates and analyzes data reflecting on the

gaming operations' financial position and internal control systems. The analyses are used to project trends in the industry that might foreshadow issues warrant regulatory attention.

At the conclusion of an audit assignment, Audit staff will meet with tribal officials to review the findings in the form of a written report and request that a remedial action plan be prepared and submitted to the NIGC within 30 days. The target date for correcting the findings of noncompliance is six months but often takes longer. Upon request from the audited tribe, Division personnel will assist casino management in the identification and implementation of the remedial actions, which may include on-site training. At the end of the implementation period, a final determination is made as to whether the facility has been effective in remedying the findings, internal control weaknesses, in all material respects. If the determination is unfavorable, consideration will be given to extending the period or to initiating an enforcement action. Over the past decade, the Division has been exceedingly successful in its work with casino management and tribal regulators in achieving compliance with NIGC regulations relevant to casino internal control systems, payment of NIGC fees, gaming financial records consistent with Generally Accepted Accounting Principles and uses of gaming revenues by tribal governments.

Furthermore, the Division consultation with tribal gaming regulators and operators is ongoing. Maintaining the regulations establishing the minimum internal control standards with which tribal casinos should comply or consider is a continuous process due to the ever-changing gaming industry. Much attention and resources are devoted to this initiative, which can have profound significance to the overall quality of tribal gaming.

## Audits Request by Strategic Goal

	FY 2010		FY 2011		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
<b><i>STRATEGIC GOAL ONE: Increase compliance with gaming laws and regulations</i></b>						
<b>Objectives</b>						
1.1 Effectively monitor compliance with gaming laws and regulations	\$136	1.00	\$125	1.00	(\$11)	-
1.2 Expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry	1,329	9.75	1,412	11.25	83	1.50
<b>Subtotal Strategic Goal One</b>	<b>\$1,465</b>	<b>10.75</b>	<b>\$1,537</b>	<b>12.25</b>	<b>\$72</b>	<b>1.50</b>
<b><i>STRATEGIC GOAL TWO: Increase service to tribal governments and gaming operations</i></b>						
<b>Objectives</b>						
2.1 Improve technical assistance to tribal governments and gaming operations	\$681	5.00	\$721	5.75	\$40	0.75
2.2 Improve inter-agency relationships and communications	375	2.75	376	3.00	1	0.25
<b>Subtotal Strategic Goal Two</b>	<b>\$1,056</b>	<b>7.75</b>	<b>\$1,097</b>	<b>8.75</b>	<b>\$41</b>	<b>1.00</b>
<b><i>STRATEGIC GOAL THREE: Maximize the use of commission resources</i></b>						
<b>Objectives</b>						
3.1 Improve agency administration	\$136	1.00	\$157	1.25	\$21	0.25
3.2 Develop human resource programs that support the Commission's mission, goals and objectives	68	0.50	94	0.75	26	0.25
<b>Subtotal Strategic Goal Three</b>	<b>\$204</b>	<b>1.50</b>	<b>\$251</b>	<b>2.00</b>	<b>\$47</b>	<b>0.50</b>
<b>TOTAL</b>	<b>\$2,725</b>	<b>20.00</b>	<b>\$2,885</b>	<b>23.00</b>	<b>\$160</b>	<b>3.00</b>

## Office of the General Counsel

The Office of the General Counsel (“OGC”) serves as the Commission’s in-house legal counsel on all matters related to the regulation of Indian gaming pursuant to IGRA, as well as on a wide variety of other legal matters.

When the Chairman determines that formal enforcement actions must be pursued, OGC attorneys serve as the Commission’s prosecutorial arm, representing the Chairman in formal enforcement actions, and representing the full Commission in administrative appeals. In addition, before the Commission takes any proposed agency action, the Commissioners rely on OGC attorneys to ensure that the proposed agency action complies with all applicable IGRA requirements. To accomplish this task, OGC attorneys review the proposed agency action in light of IGRA’s legislative history and subsequent interpretations, both administrative and judicial. The OGC attorneys represent the Commission by advocating Commission positions and interests, and by coordinating the participation of Commission members and staff in the administrative litigation and appeal process. In addition, OGC attorneys assist the U.S. Department of Justice with litigation matters in Federal courts in which the positions and actions of the Commission have been challenged.

Working with the Commissioners, OGC attorneys help draft and analyze proposed Commission regulations. During the rulemaking process, OGC attorneys review and analyze comments submitted on the proposed regulations, and respond to the comments that are made during the public comment period. Where appropriate, OGC attorneys recommend modifications or amendments to the proposed regulations. The OGC attorneys also help develop methods for reviewing and evaluating compliance with Commission regulations.

In 2009, OGC attorneys helped the Commission implement technical standards for class II gaming systems. The OGC also helped the Commission implement Section 20 of IGRA, including application of Section 20 regulations that were promulgated by the U.S. Department of the Interior. Section 20 and its implementing regulations deal with whether tribes may conduct gaming on Indian lands that were acquired into trust after IGRA’s enactment date of October 17, 1988.

In the upcoming fiscal year, the OGC will help the Commission develop guidance on the application of IGRAs “sole proprietary interest” requirement— *i.e.*, that Indian tribes shall have the “sole proprietary interest” and responsibility for the conduct of any gaming activity. In addition, OGC attorneys will assist tribes and lending institutions with the restructuring of debt due to a downturn in the economy. In fiscal years 2010 and 2011, OGC will help the Commission implement new regulations that will streamline several administrative processes. For example, Indian tribes are currently required to submit administrative fees to the Commission four times per year. Changes to these regulations will reduce the submission requirement to twice per year. Additionally, other changes regarding background checks and licensing of individuals will allow tribes to maintain

the materials in their respective offices rather than requiring them to submit the materials to the Commission.

The OGC also provides formal and informal legal advice on difficult Indian land questions. Indian tribes may conduct gaming only on “Indian lands” as defined by IGRA. For the purposes of reviewing management contracts, approving site-specific tribal gaming ordinances, or merely deciding whether the Commission has the jurisdiction to regulate gaming on a particular tract of land, OGC attorneys provide opinions to the Commission on the status of said lands. The OGC maintains a database to input information regarding research that has been performed on the Indian lands status of existing and proposed gaming sites. The Indian lands database is a central repository for tribal land documentation, and it generates reports on information pertaining to OGC’s review of the lands status. In the upcoming years, the OGC will work on improving the amount and quality of the information used to populate the Indian lands database.

The Commission Chairman has directed the OGC to work cooperatively with the tribes to ensure, as much as possible, that proposed tribal gaming ordinances and management contracts meet IGRA requirements for approval when they are officially presented to the Chairman for review and approval. Currently, OGC attorneys routinely respond to numerous requests to preview (before official submission) proposed tribal gaming ordinances and management contracts, and to provide feedback or advice. In addition, OGC attorneys review other types of agreements to determine whether the agreements are, for all intents and purposes, management contracts and therefore subject to IGRA’s approval requirements. The OGC attorneys also review transactional documents submitted with management contracts, such as loan agreements, security agreements, promissory notes, and consulting agreements, to determine their effect on the management contract and whether they cause a violation of IGRA. As a result of OGC attorneys working cooperatively with the tribes, the number of gaming ordinances and management contracts that are currently disapproved has been greatly reduced from previous years. In the upcoming fiscal years, the OGC plans to improve its response time as to the delivery of advice on management contracts and tribal gaming ordinances that are submitted for review.

One of the Commission’s current priorities is to increase technical assistance to the tribes. In the upcoming fiscal years, the OGC will be responding to this priority by providing technical assistance to the tribes through continued and increased training programs, participation in working groups, and the provision of informal and formal advice.

Because the Commission is a relatively new and small agency, the Commission’s past priorities and resources were concentrated heavily on its critical regulatory oversight functions. Thus, development of the Commission’s internal administrative and personnel policies had been given less attention. In recent years, OGC attorneys helped formulate and develop internal personnel and administrative policies for the Commission, including the development of an EEO program. In the upcoming fiscal years, OGC attorneys will continue to formulate policies to populate the Commission’s employee manual, and will develop and conduct training to Commission personnel regarding these policies.

## Office of the General Counsel Request by Strategic Goal

	FY 2010		FY 2011		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
<i><b>STRATEGIC GOAL ONE: Increase compliance with gaming laws and regulations</b></i>						
<b>Objectives</b>						
1.1 Effectively monitor compliance with gaming laws and regulations	\$1,065	7.00	\$1,126	7.00	\$61	-
1.2 Expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry	912	6.00	966	6.00	54	-
<b>Subtotal Strategic Goal One</b>	<b>\$1,977</b>	<b>13.00</b>	<b>\$2,092</b>	<b>13.00</b>	<b>\$115</b>	<b>-</b>
<i><b>STRATEGIC GOAL TWO: Increase service to tribal governments and gaming operations</b></i>						
<b>Objectives</b>						
2.1 Improve technical assistance to tribal governments and gaming operations	\$532	3.50	\$564	3.50	\$32	-
2.2 Improve inter-agency relationships and communications	380	2.50	403	2.50	23	-
<b>Subtotal Strategic Goal Two</b>	<b>\$912</b>	<b>6.00</b>	<b>\$967</b>	<b>6.00</b>	<b>\$55</b>	<b>-</b>
<i><b>STRATEGIC GOAL THREE: Maximize the use of commission resources</b></i>						
<b>Objectives</b>						
3.1 Improve agency administration	\$152	1.00	\$161	1.00	\$9	-
3.2 Develop human resource programs that support the Commission's mission, goals and objectives	152	1.00	161	1.00	9	-
<b>Subtotal Strategic Goal Three</b>	<b>\$304</b>	<b>2.00</b>	<b>\$322</b>	<b>2.00</b>	<b>\$18</b>	<b>-</b>
<b>TOTAL</b>	<b>\$3,193</b>	<b>21.00</b>	<b>\$3,381</b>	<b>21.00</b>	<b>\$188</b>	<b>-</b>

## **Division of Training**

To meet the mandate of the Native American Technical Corrections Act of 2006 (P.L. 109-22), the Commission established a Division of Training. The Training Division is responsible for implementing and administering external and internal training activities and programs.

The Training Division will capture and accurately report training-related data required for compliance with the Government Performance and Results Act, and other internal evaluations. The Division will prepare, or direct the preparation of, materials/aids needed for each training activity; create and evaluate curricula; and update training activities, as necessary, for compliance with regulations, laws, and policies.

The Training Division currently works with the Division of Enforcement, Division of Audits, Division of Management Contracts and Investigations, and the Office of the General Counsel to coordinate internal and external training. This coordination includes ensuring that instructors are available to prepare and teach curriculum as requested by the tribes and that the training subjects are beneficial to those who participate. The Division tracks training data and statistics of the training completed. The Training Division will also work with Commission Division Directors to develop employee training plans and provide (either directly or through contracting vendors) training for employees: transitioning into new roles; on performance improvement plans; or experiencing changes in business processes.

The Division of Training is an essential component of the Commission's efforts to comply with the requirements of IGRA to provide technical assistance and training to tribes participating in gaming. Technical assistance and training will be provided either directly or through contracting vendors. The training budget will include:

- Contracting for training on server-based gaming, and other topics as needed;
- Production of training DVD's so that tribes may participate in training without the necessity of travel;
- Production of live training via satellite to tribes through existing technologies;
- Obtaining and renting training facilities for training;
- Travel expenses to and from training events;
- Training equipment and materials to produce and provide training; and
- Approved training for Commission personnel at external venues.

## Training Request by Strategic Goal

	FY 2010		FY 2011		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
<b><i>STRATEGIC GOAL ONE: Increase compliance with gaming laws and regulations</i></b>						
<b>Objectives</b>						
1.1 Effectively monitor compliance with gaming laws and regulations	\$0	-	\$0	-	\$0	-
1.2 Expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry	0	-	0	-	0	-
<b>Subtotal Strategic Goal One</b>	<b>\$0</b>	<b>-</b>	<b>\$0</b>	<b>-</b>	<b>\$0</b>	<b>-</b>
<b><i>STRATEGIC GOAL TWO: Increase service to tribal governments and gaming operations</i></b>						
<b>Objectives</b>						
2.1 Improve technical assistance to tribal governments and gaming operations	\$173	0.75	\$184	1.50	\$11	0.75
2.2 Improve inter-agency relationships and communications	58	0.25	61	0.50	3	0.25
<b>Subtotal Strategic Goal Two</b>	<b>\$231</b>	<b>1.00</b>	<b>\$245</b>	<b>2.00</b>	<b>\$14</b>	<b>1.00</b>
<b><i>STRATEGIC GOAL THREE: Maximize the use of commission resources</i></b>						
<b>Objectives</b>						
3.1 Improve agency administration	\$0	-	\$0	-	\$0	-
3.2 Develop human resource programs that support the Commission's mission, goals and objectives	0	-	0	-	0	-
<b>Subtotal Strategic Goal Three</b>	<b>\$0</b>	<b>-</b>	<b>\$0</b>	<b>-</b>	<b>\$0</b>	<b>-</b>
<b>TOTAL</b>	<b>\$231</b>	<b>1.00</b>	<b>\$245</b>	<b>2.00</b>	<b>\$14</b>	<b>1.00</b>

## **Division of Administration**

The Division of Administration provides the financial, personnel, IT, Freedom of Information Act (FOIA), and customer solution services to the Commission. The Division of Administration is the liaison to the Department of the Interior (DOI), Office of Management and Budget (OMB), and the General Services Administration (GSA). The Division of Administration consists of a Director, five supervisory personnel, and 13 support staff.

The finance section oversees the collection and processing of fees, prepares quarterly reports that indicate compliance with fee payments for use by the region directors, procurement, budget forecasts, reconciliations, financial reports, and cash flow statements. This section works with the National Business Center at DOI on procurement issues, with DOI and OMB on budget issues, and with GSA on facility issues.

The finance section is also responsible for the full complement of financial management services to include: disbursements for Commission-wide purchases; payroll; settlements; revenue collections; check processing; and travel management. This section also plans and administers the financial accounting program for the entire Commission which, in addition to the Washington, DC headquarters, encompasses regional and satellite offices.

The finance section also conducts regular cost analysis and reporting to provide a basis for measurement of accomplishment of the Commission's substantive operations. In addition, it reports financial data to OMB through the DOI's Office of the Secretary. This information includes detailed financial analysis that constitutes a direct basis for program and budgetary proposals and decisions requisite to the fulfillment of the Commission's mission.

The personnel section provides Commission-wide guidance on time and attendance, employee regulations, policies and procedures, and serves as the point of contact for the Commission's servicing personnel office to ensure a smooth transition for new employees entering federal service.

The IT section oversees the daily operation of the Commission's networks, recommends and maintains various hardware and software packages, monitors, diagnoses, and maintains the network infrastructure, maintains databases, oversees video conferencing, and performs help desk duties as needed.

The FOIA/Records section is responsible for addressing all requests received by the Commission in accordance with federal and Commission regulations, and for the retention of all Commission records.

The customer solutions section is responsible for the overall day to day administrative functions of the Commission. This includes providing receptionist support, recording and distributing incoming correspondence, maintaining inventory control, creating and

maintaining a Commission intranet, and monitoring and updating the Commission internet website.

### Administration Request by Strategic Goal

	FY 2010		FY 2011		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
<b><i>STRATEGIC GOAL ONE: Increase compliance with gaming laws and regulations</i></b>						
<b>Objectives</b>						
1.1 Effectively monitor compliance with gaming laws and regulations	\$178	1.50	\$179	1.50	\$1	-
1.2 Expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry	119	1.00	119	1.00	0	-
<b>Subtotal Strategic Goal One</b>	<b>\$297</b>	<b>2.50</b>	<b>\$298</b>	<b>2.50</b>	<b>\$1</b>	<b>-</b>
<b><i>STRATEGIC GOAL TWO: Increase service to tribal governments and gaming operations</i></b>						
<b>Objectives</b>						
2.1 Improve technical assistance to tribal governments and gaming operations	\$208	1.75	\$239	2.00	\$31	0.25
2.2 Improve inter-agency relationships and communications	119	1.00	119	1.00	0	-
<b>Subtotal Strategic Goal Two</b>	<b>\$327</b>	<b>2.75</b>	<b>\$358</b>	<b>3.00</b>	<b>\$31</b>	<b>0.25</b>
<b><i>STRATEGIC GOAL THREE: Maximize the use of commission resources</i></b>						
<b>Objectives</b>						
3.1 Improve agency administration	\$1,422	12.00	\$1,492	12.50	\$70	0.50
3.2 Develop human resource programs that support the Commission's mission, goals and objectives	208	1.75	239	2.00	31	0.25
<b>Subtotal Strategic Goal Three</b>	<b>\$1,630</b>	<b>13.75</b>	<b>\$1,731</b>	<b>14.50</b>	<b>\$101</b>	<b>0.75</b>
<b>TOTAL</b>	<b>\$2,254</b>	<b>19.00</b>	<b>\$2,387</b>	<b>20.00</b>	<b>\$133</b>	<b>1.00</b>

## **Division of Congressional Affairs & Media Relations**

The Division of Congressional and Media Relations is responsible for the daily coordination of Commission programs and activities with regard to the Congress, other governmental affairs, and media relations.

The Division is responsible for planning, coordinating, and managing agency programs and activities relating to both legislative and public affairs. Among its principal duties, the Office of Congressional and Public Affairs monitors legislation affecting the Commission, and advises on any necessary policy action. The Office of Congressional and Public Affairs coordinates submission of bills, resolutions, reports, testimony, and other statements on legislation to Congress, and also prepares agency press releases, speeches, and newsletters. This Division also serves as the liaison with Congressional Committees and individual Members of Congress by communicating with them on matters affecting the regulation of gaming activities on Indian lands.

The Division is also responsible for contact with the media. The Division responds to inquiries from the press seeking information on local casinos, and the Indian gaming industry in general. The Division explains the role of the Commission, regulatory and enforcement efforts, the consultation process, and other agency decisions to the press. With the coordination of the Division, the Commission has recently been featured in publications such as *Casino Enterprise Management*, *Indian Gaming Magazine*, and *Global Gaming Magazine*.

## Congressional Affairs & Media Relations Request by Strategic Goal

	FY 2010		FY 2011		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
<i><b>STRATEGIC GOAL ONE: Increase compliance with gaming laws and regulations</b></i>						
<b>Objectives</b>						
1.1 Effectively monitor compliance with gaming laws and regulations	\$0		\$0		\$0	-
1.2 Expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry	43	0.25	45	0.25	2	-
<b>Subtotal Strategic Goal One</b>	<b>\$43</b>	<b>0.25</b>	<b>\$45</b>	<b>0.25</b>	<b>\$2</b>	<b>-</b>
<i><b>STRATEGIC GOAL TWO: Increase service to tribal governments and gaming operations</b></i>						
<b>Objectives</b>						
2.1 Improve technical assistance to tribal governments and gaming operations	\$43	0.25	\$45	0.25	\$2	-
2.2 Improve inter-agency relationships and communications	84	0.50	90	0.50	6	-
<b>Subtotal Strategic Goal Two</b>	<b>\$127</b>	<b>0.75</b>	<b>\$135</b>	<b>0.75</b>	<b>\$8</b>	<b>-</b>
<i><b>STRATEGIC GOAL THREE: Maximize the use of commission resources</b></i>						
<b>Objectives</b>						
3.1 Improve agency administration	\$0		\$0		\$0	-
3.2 Develop human resource programs that support the Commission's mission, goals and objectives	0		0		0	-
<b>Subtotal Strategic Goal Three</b>	<b>\$0</b>	<b>-</b>	<b>\$0</b>	<b>-</b>	<b>\$0</b>	<b>-</b>
<b>TOTAL</b>	<b>\$170</b>	<b>1.00</b>	<b>\$180</b>	<b>1.00</b>	<b>\$10</b>	<b>-</b>

## Commission Staff Request by Strategic Goal

	FY 2010		FY 2011		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
<b><i>STRATEGIC GOAL ONE: Increase compliance with gaming laws and regulations</i></b>						
<b>Objectives</b>						
1.1 Effectively monitor compliance with gaming laws and regulations	\$241	1.00	\$274	1.25	\$33	0.25
1.2 Expand the knowledge and implementation of Indian gaming laws and regulations throughout the industry	241	1.00	274	1.25	33	0.25
<b>Subtotal Strategic Goal One</b>	<b>\$482</b>	<b>2.00</b>	<b>\$548</b>	<b>2.50</b>	<b>\$66</b>	<b>0.50</b>
<b><i>STRATEGIC GOAL TWO: Increase service to tribal governments and gaming operations</i></b>						
<b>Objectives</b>						
2.1 Improve technical assistance to tribal governments and gaming operations	\$332	1.375	\$328	1.50	(\$4)	0.125
2.2 Improve inter-agency relationships and communications	332	1.375	328	1.50	(4)	0.125
<b>Subtotal Strategic Goal Two</b>	<b>\$664</b>	<b>2.75</b>	<b>\$656</b>	<b>3.00</b>	<b>(\$8)</b>	<b>0.25</b>
<b><i>STRATEGIC GOAL THREE: Maximize the use of commission resources</i></b>						
<b>Objectives</b>						
3.1 Improve agency administration	\$271	1.125	\$274	1.25	\$3	0.125
3.2 Develop human resource programs that support the Commission's mission, goals and objectives	30	0.125	54	0.25	24	0.125
<b>Subtotal Strategic Goal Three</b>	<b>\$301</b>	<b>1.25</b>	<b>\$328</b>	<b>1.50</b>	<b>\$27</b>	<b>0.25</b>
<b>TOTAL</b>	<b>\$1,447</b>	<b>6.00</b>	<b>\$1,532</b>	<b>7.00</b>	<b>\$85</b>	<b>1.00</b>