
 **Fundamentals**

- Internal Audit (IA):
 - Independent & objective
 - Adds value and improves organization's operations
 - Helps accomplish objectives
 - Systematic, disciplined evaluation
 - Improve effectiveness of risk management, control, and governance
- The Institute of Internal Auditors (IIA): an international professional association

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 **Purpose**

- Internal audit
 - “To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.” (Mission, IIA)
 - Well performed IAs identify areas of risk

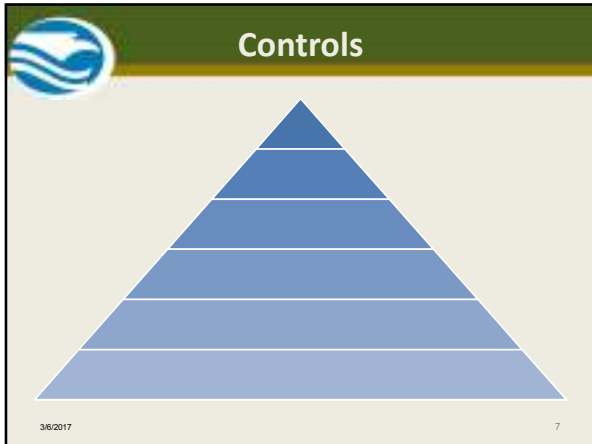
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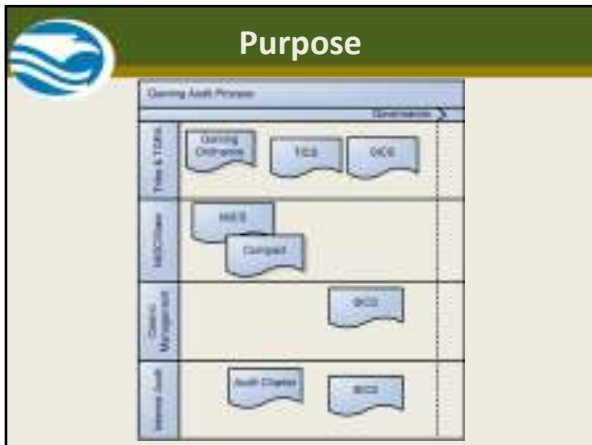
 **Exercise**

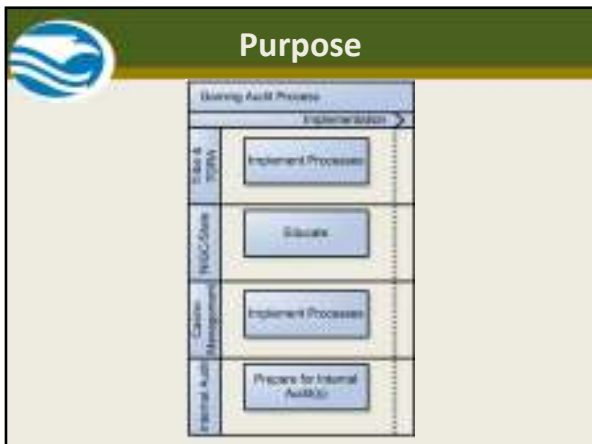
What controls govern the gaming operation?

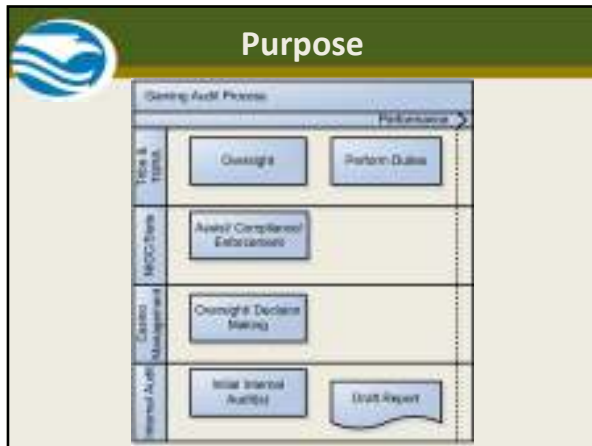


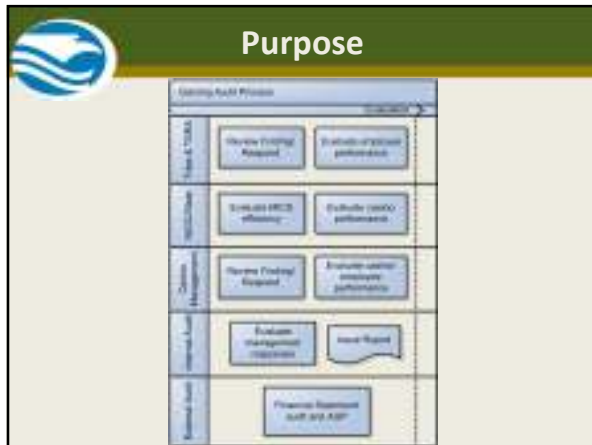
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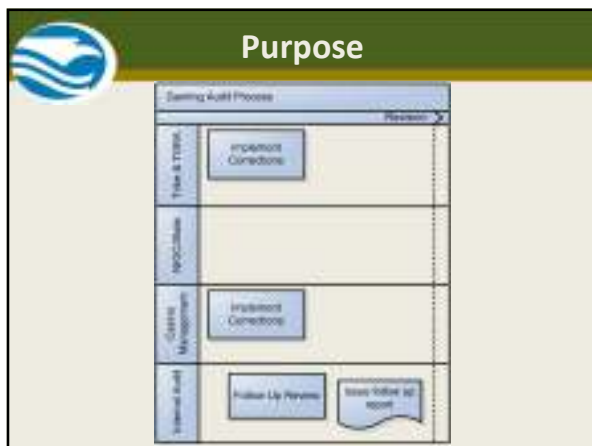


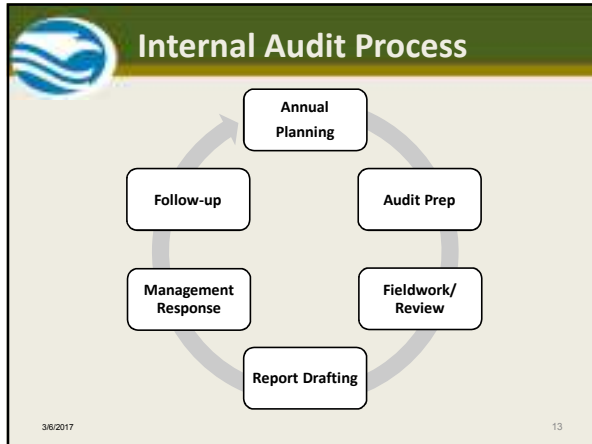












Internal Audit Process


- Internal audits involve three types of people
 - Those directly involved with the process being audited
 - The internal auditor(s)
 - Those using the assessment

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Ethics

What are ethics?

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 **Ethics**

- IIA ethics code of conduct include the following areas:
 - Integrity
 - Objectivity
 - Confidentiality
 - Competency



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 **Ethics**

Integrity




- Perform work with honesty, diligence, and responsibility
- Observe law and make disclosures expected by law and profession
- Keep it legal
- Respect and contribute to legitimate and ethical objectives of organization

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 **Ethics**

Objectivity




- Remain unbiased in activities and relationships
- Bribes and gifts are bad
- Disclose material facts which may distort reporting of activities under review

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 **Ethics**

Confidentiality

- Protect information acquired in course of duties
- Information should not be used for:
 - Personal gain
 - Contrary to law
 - Where detrimental to objectives of organization




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 **Ethics**

Competency

- Maintain or obtain necessary knowledge, skills, and experience
- Perform services in accordance with standards
- Continually improve proficiency, effectiveness, and quality of services



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 **Understanding Regulations**

MICS

- Determine applicable sections
- Seek clarifications where necessary


TICS

- Compare TICS to MICS; Review updates to TICS
- Understand thresholds and specific requirements

SICS


- Read policies prior to audit for increased efficiency
- Compare SICS to TICS/MICS

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 **Independence**


- Separation of functions
 - Ensures agent reviewing controlled activity is separate from those performing the work
- Obtained through the organizational reporting relationship
 - Internal audit should not be under gaming management direction

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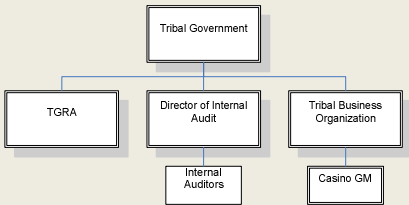
 **Independence**

- Independence creates objectivity
- Objectivity
 - Uses facts without distortion
 - Remains free of personal feeling and prejudices
- Allows unbiased performance
- Need to recognize threats to independence

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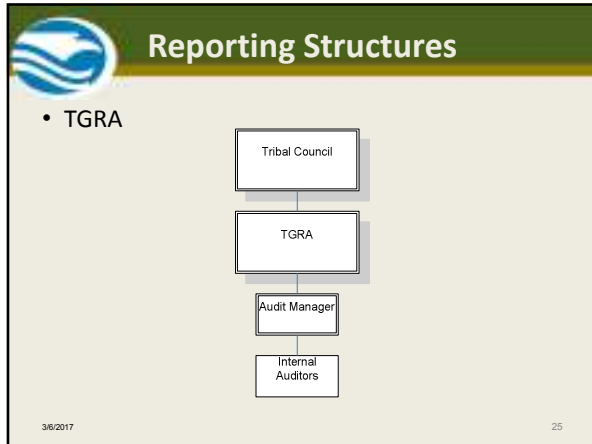
 **Reporting Structures**

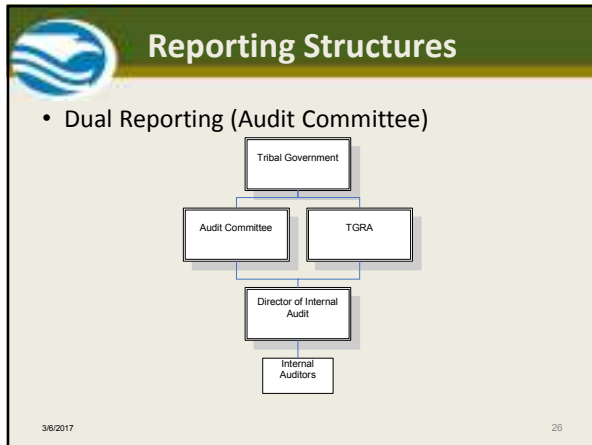
- Independent Audit Department

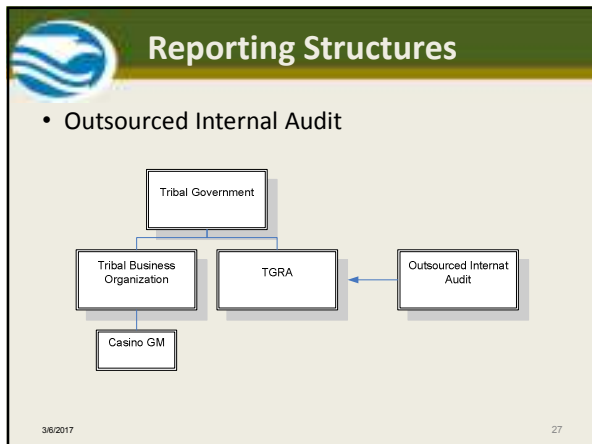



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graph TD; TG[ Tribal Government ] --- TGRA[ TGRA ]; TG --- DIA[ Director of Internal Audit ]; TG --- TBO[ Tribal Business Organization ]; DIA --- IA[ Internal Auditors ]; TBO --- CGM[ Casino GM ]
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Charter


Defines the Internal Audit Department's

Purpose

Authority

Responsibility

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Charter

- Establishes IA's position within organization
- Outlines functional and reporting relation
- Authorizes access to
 - Records
 - Personnel
 - Physical property

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Gaming Ordinance

- May outline the requirements for internal audits to be performed

Audit Charter

- Establishes IA's position within organization
- Outlines functional and reporting relation
- Authorizes access to
 - Records, Personnel, and Physical property

Policies & Procedures

- Outlines specific auditor responsibilities



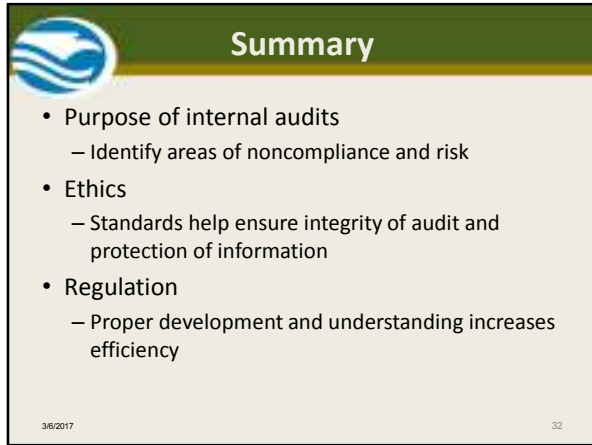
Audit types

Compliance

Performance

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The slide features a green header with a logo and the title 'Audit types'. Below the header are two images: a green chalkboard with 'COMPLIANCE' written on it and a hand pointing to it, and a black chalkboard with 'PROCESS IMPROVEMENT' written on it and a hand pointing to it. The word 'Compliance' is written in a light blue font to the right of the first image, and 'Performance' is written in a light blue font to the left of the second image. The date '3/6/2017' and the number '31' are in the bottom left and right corners, respectively.

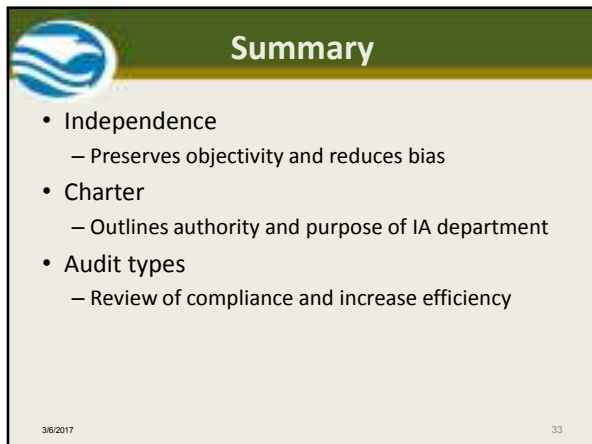


Summary

- Purpose of internal audits
 - Identify areas of noncompliance and risk
- Ethics
 - Standards help ensure integrity of audit and protection of information
- Regulation
 - Proper development and understanding increases efficiency

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The slide features a green header with a logo and the title 'Summary'. Below the header is a list of three bullet points, each with a sub-bullet. The date '3/6/2017' and the number '32' are in the bottom left and right corners, respectively.



Summary

- Independence
 - Preserves objectivity and reduces bias
- Charter
 - Outlines authority and purpose of IA department
- Audit types
 - Review of compliance and increase efficiency

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The slide features a green header with a logo and the title 'Summary'. Below the header is a list of three bullet points, each with a sub-bullet. The date '3/6/2017' and the number '33' are in the bottom left and right corners, respectively.

 **Questions & Answers**



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