

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS:

(Substantial rewording of Rule 61D-14.058 F.A.C., follows. See Florida Administrative Code for present text.)

61D-14.058 Slot Machine Licensees System of Internal Controls.

(1) Each slot machine applicant or licensee shall develop written system of internal control procedures (internal control procedures) to ensure compliance with Chapter 551, F.S. and Chapter 61D-14, and 15 F.A.C.

(2) Slot machine license applicants and licensees shall:

(a) Submit written internal control procedures:

1. With its licensure application; or

2. No less than 90 days prior to any slot machine licensee licensure renewal.

(b) Not commence operations until the division provides written notice that it has approved the final version of the internal controls.

(3) Each slot machine applicant or licensee's internal control procedures shall include the following:

(a) Administrative controls which include the procedures and records that detail the levels of approval and authorization process for all transactions effecting slot machine gaming revenue and reporting; and

(b) Accounting controls that shall require:

1. Transactions are executed in accordance with the slot machine licensee's management's general authorization;

2. Transactions are recorded to permit preparation of financial statements in conformity with generally accepted accounting principles;

3. Access to assets is permitted only in accordance with slot machine licensee's management's authorization;

4. The recorded accountability for assets shall be compared with existing assets at set intervals and corrective action shall be taken with respect to any differences; and

5. All adjustments made to taxable financial data initially recorded; revenue counts; data recorded in the facility monitoring system; recorded credits or other accounting adjustments to Department of Business and Professional Regulation (DBPR) forms and all meters shall be reported to the division within 24 hours after the adjustment. The report shall:

a. Be in writing;

b. Provide the reason for the adjustment;

c. Identify the slot machine occupational license number and name of the person who made the adjustment and the slot machine occupational license number and name of the person authorizing the adjustment; and

d. State what corrective action was taken or has been implemented to preclude recurrence of the error or discrepancies in the future.

(4) Each version of the slot machine licensee's internal control procedure submitted to the division shall include a statement signed by the slot machine licensee's chief gaming executive, director of Management Information Systems (MIS) or Information Technology (IT), director of surveillance, director of security, director of slot machine operations, chief financial officer, and the applicant's chief legal officer or their equivalents. The signatories shall attest that the submitted internal control procedures conform to the requirements of Chapter 551, F.S., and Chapter 61D-14 and 15, F.A.C.

(5) The division shall evaluate the internal control procedures of each applicant for a slot machine license pursuant to subsection (1) above based on the following criteria:

(a) Conformity to Chapter 551, F.S., and Chapter 61D-14, F.A.C.; and

(b) Evidence that the following standards are met:

1. A procedure is established that provides a transaction audit trail that permits the review of slot machine operations or the reconstruction of gross revenue transactions;

2. All functions are segregated pursuant to rule 61D-14.015(4), F.A.C.; and

3. The internal control procedures identify all forms or documents required:

a. In the internal control procedures; or

b. Required by Chapter 551, F.S., and Chapter 61D-14 and 15, F.A.C.

(6) Each slot machine applicant or licensee shall submit its written internal control procedures and any proposed changes to the division for review and approval prior to implementation of those internal controls or changes to the current approved internal control procedures:

(a) As part of the initial slot machine license application;

(b) Annually 90 days prior to the proposed renewal of the slot facility license;

(c) Upon division direction; and

(d) Upon proposal of any slot machine licensee initiated changes.

(7) The slot machine licensee's internal control procedures shall be submitted, edited, and approved in the following fashion:

(a) The slot machine applicant or licensee shall submit an electronic file of its entire written internal control procedures in Microsoft (MS) Word[®] format. The internal control procedures shall be organized in individual, separate chapter format to facilitate comment and future updates. The footnote section of each main chapter shall contain a record of the date of the approved initial document and space to record the date and page location of all updates to that specific chapter.

(b) The division shall review the specific internal control procedures and provide the applicant or licensee written comments using the "track changes" feature within the MS Word[®] software reflecting the author and date of each division comment.

(c) The slot machine applicant or licensee shall, upon receiving the division's comments take appropriate action to update the initial internal control procedures.

1. In those cases where wording or procedures require additional modification from the division's comment, the slot machine applicant, or licensee shall make its own comments in "track changes" reflecting the author and date of each comment.

2. The slot machine applicant or licensee shall return the entire electronic file to the division, with all track changes comments appended.

(d) The division shall review the specific recommended changes and provide comment to the slot machine applicant or licensee as necessary.

1. Face-to-face or personal discussion is encouraged in all instances that such contact will facilitate expediting updates to the system of internal control procedures.

2. The slot machine applicant or licensee and division shall exchange the same electronic file with appropriate changes recorded until achieving agreement and division approval of the slot machine licensee's system of internal control procedures.

3. The slot machine applicant or licensee; however, is precluded from commencing slot machine gaming under a new or renewed license until the internal control procedures are:

a. Written; and

b. Receive final division approval to include those comments obtained from FDLE.

(e) The division shall approve the final internal control procedures in the following way:

1. Upon approving the final version of the internal control procedures, the division shall notify the slot machine licensee to activate the track changes option "accept all changes in document" in MS Word[®]. The division shall designate the "master date" the slot machine applicant or licensee shall insert on the approved version on the first page of the approved internal control procedures within an area on the page designated: "Division Approval and Update Record".

2. The slot machine licensee, after making all approved updates, shall return an electronic copy of the final approved internal control procedures to the division. The copy returned shall include certification from the applicant's or licensee's chief gaming executive that the documents provided incorporate all approved changes and the date of Division Approval on the first page of the internal control procedure.

3. The slot machine applicant or licensee shall use a means of electronic storage of each version of the internal control procedures to include all comments involved in the entire update process pursuant to rule 61D-14.080(3)(b), F.A.C.

(f) Updates to the slot machine licensee's approved system of internal control procedures document shall be executed on an agreed schedule between the division and each slot machine licensee. The following procedure shall apply to all updates to the approved internal control procedure document:

1. Updates shall be executed upon the request of either the division or the slot machine licensee.

2. The slot machine licensee shall submit all changes, those proposed by the licensee or by the division, to the division in electronic format using the MS Word[®] format and “track changes” turned “on”. The slot machine licensee shall submit the changes with a “master cover page” and only those chapter and chapter pages affected in the proposed changes. Changes shall be recorded using the “track changes” option of MS Word[®], reflecting the author and date of the proposed language update.

3. The division shall review all changes and make appropriate recommendations and return any necessary comments to the slot machine licensee for further consideration. The procedures as outlined in this rule (6)(d) above shall be used until the division accepts a final version of the document.

4. The division shall notify the slot machine licensee when the division has approved the update to the specific internal control procedures pages. Upon the slot machine licensee receiving notification:

a. The slot machine licensee shall activate the track changes option “accept all changes in document” in MS Word[®].

b. The division shall designate the “master date” to be used on the updated approved version on the first page of the approved internal control procedures within an area on the page designated: “Division Approval and Update Record”. Each page of the internal control procedures updated shall also contain a designation of reference and date of update in the footnote for that page. The main page for the chapter affected shall also contain the date of the last update to that chapter in the footnote section for that page.

5. Upon completion of the approval process, the slot machine licensee shall return an electronic copy of the final approved updated internal control procedures to the division incorporating all approved changes.

a. The electronic copy shall contain the date of Division Approval on:

(I) The first page of the internal control procedure;

(II) The first chapter page of each chapter updated; and

(III) On each page within that chapter updated to the division

b. The electronic copy shall be attached to a certification from the chief gaming executive that the documents provided incorporates all approved changes and the date of Division Approval on the first page of the internal control procedure.

6. The slot machine applicant or licensee shall implement a means of electronic storage of each version of the internal control procedures to include all comments involved in the entire update process employed to propose modification to the approved internal control procedure document pursuant to rule 61D-14.080(3)(b), F.A.C.

(8) Failure to incorporate all changes in the internal control procedures as agreed between the division and the slot machine licensee or representation that all changes have been made and in fact were not included in the final approved version of the internal control procedures or updates to those procedures shall be in violation of this rule and subject to the division’s disciplinary authority regardless of when discovered.

(9) A current version of the internal control procedures of the slot machine licensee shall be maintained in the accounting, cage, internal audit, management information systems, slot, security and surveillance departments of the slot machine licensee. The slot machine licensee shall maintain copies of previous internal control procedure pursuant to the requirements of Rule 61D-14.080, F.A.C.

(10) The slot machine licensee’s accounting internal control procedure shall include procedures for the establishment of a patron signature file if such a file is utilized by the slot machine licensee.

(11) Failure of the slot machine licensee to implement or comply with any internal control procedure required in Chapter 61D-14, F.A.C., is a violation of this section.

Specific Authority 551.103(1), 551.122 FS. Law Implemented 551.103(1)(d), (e), (g), (i) FS. History--New 6-25-06, Amended _____.