

SECTION 13
DROP AND COUNT

13.1 General Standards

A. Drop and Count Schedule

1. All in service casino instrument storage containers shall be removed only at the time previously designated by the casino operation and reported to the CNGC, except for emergency drops.
542.21(e)(2); 542.31(e)(2); 542.41(e)(2); 543.17(d)(5),(e)(3)
2. The schedule delineating the drop and count times for casino instrument storage containers shall be submitted and filed with the Cherokee Nation Gaming Commission (CNGC) and surveillance, which shall include drop routes.
3. Any changes made to the established schedule and/or routes must be made at least seventy-two (72) hours in advance, in writing, prior to the initiation of any changes.
4. For any unscheduled deviations from the established schedule in excess of thirty (30) minutes, the gaming operation shall submit a Drop/Count Time Deviation Form to the CNGC within twenty-four (24) hours.

B. Security Over the Drop and Count

1. Security shall be provided over the casino instrument storage containers at all times during the drop process. **542.21(e)(3)(i);**

542.31(e)(4)(i); 542.41(e)(4)(i); 543.17(e)(4)(i)

2. Security shall contact surveillance prior to commencing the drop and/or count process so that surveillance may monitor the activities (the process begins when the first casino instrument storage container is removed). For Tier A casino operations, if surveillance operations are unmanned, security shall log the date, time, each process begins.
542.31(b)(6),(e)(3); 542.41(b)(6),(e)(3); 543.17(d)(1),(e)(1),(h)(1)

C. Surveillance of the Drop and Count

1. Tier A casino operations may be exempt from certain standards pertaining to manned surveillance operations.
2. Surveillance must be notified when the drop and count begins and shall record the date, time, and corresponding process in the surveillance activity log.
542.31(b)(6),(e)(3); 542.41(b)(6),(e)(3); 543.17(d)(1),(e)(1),(h)(1)
3. Surveillance must be notified whenever count room personnel exit or enter the count room during the count and log the occurrence. If at any time during the count, fewer than two (2) persons for Tier A and B and three (3) persons for Tier C operations, are left in the count room during the count process (prior to the drop proceeds being

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- accepted into cage/vault accountability), surveillance must immediately notify security and the CNGC. **542.31(C)(2); 542.41(C)(2); 543.17(C)(2)**
4. The count process shall be monitored and recorded, both audibly and visually, in its entirety by surveillance, with a degree of clarity sufficient to facilitate an investigation. For Tier A casino operations with unmanned surveillance, the video recording and/or digital record must be viewed by an employee independent of the count process within seven (7) days.
- D. Access to Count Room and/or Man Trap
1. The count room and related man trap areas are considered highly restricted.
2. Access to the count room/man trap during the count process must be restricted to members of the drop and count teams, authorized observers, supervisors for resolution of problems, and authorized maintenance personnel. **542.21(d)(2),(f)(2); 542.31(d)(2),(f)(2); 542.41(d)(2),(f)(2); 543.17(f)(3),(g)(3),(i)(3)**
3. Persons authorized to enter the count room without escort must be listed by title. The casino operation is responsible for updating and providing the list to the CNGC every thirty (30) days. The monthly report shall consist
- of no less than the title of authorized persons and a statement indicating any changes or no changes from the previous report which was submitted to the CNGC.
4. Any person entering the count room without specific authorization/access, must be escorted by security and sign an entry access log that designates the date/time, duration, and purpose of the visit.
5. Access to stored, in service casino instrument storage containers must be restricted to:
- a. Authorized members of the drop and count teams; and **542.21(d)(15),(f)(11); 542.31(d)(15),(f)(11); 543.41(d)(15),(f)(11) 543.17(f)(1)(i),(g)(1)(i),(i)(1)(i)**
- b. In an emergency, authorized persons for the resolution of a problem. **542.21(f)(11); 542.31(f)(11); 543.41(f)(11); 543.17(f)(1)(ii), (g)(1)(ii),(i)(1)(ii)**
6. All coin, tokens, chips, currency, and/or cash equivalents stored in the count room shall be secured from unauthorized access at all times.
- E. Extraneous Items and Count Room Standards
1. Drop and count employees are strictly prohibited from having

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- any extraneous items (e.g. personal belongings, tool boxes, beverage containers, etc.) in their possession during the drop process or in the count room, unless otherwise approved by the CNGC. **542.14(h)**
2. Food and drinks are prohibited within the count room at all times, unless otherwise approved by the CNGC.
 3. The count room must be kept free of clutter and all items located within these areas shall be stored in a manner that does not obstruct the view of surveillance (e.g. clear or translucent boxes, bins and/or bags). Non-essential items within this highly restricted area are prohibited.
 4. Trash cans and trash bags shall be clear or mesh so as not to obstruct the view of surveillance.
 5. Table top and work surfaces shall be clear, unless otherwise approved by the CNGC.
 6. All drop and count employees will be dressed in pocketless jumpsuits or similar attire as approved by the CNGC.

13.2 Drop Standards

Controls must be established and procedures implemented to ensure the security of the drop process and the related transfer of funds stored in casino instrument storage

containers, to and from the count room or other equivalently secured area.

A. Drop Team

1. Security must observe and guard the removal of the casino instrument storage container and subsequent transportation to the count room. At no time shall security handle any unsecured funds.
2. Security must be present at all times during the drop process. **543.21(e)(3)(i); 543.31(e)(4)(i); 542.41(e)(4)(i); 543.17(e)(4)(i)**
3. In addition, a minimum of two (2) employees shall be involved in the removal and transportation of casino instrument storage containers, at least one of whom is independent of the revenue center/department funds being dropped. **542.21(b)(2)(i),(b)(4),(e)(3)(ii); 542.31(b)(2)(i),(b)(4),(e)(4)(ii); 543.41(b)(2)(i),(b)(4),(e)(4)(ii); 543.17(d)(6)(iii),(e)(4)(ii)**

B. Each defined drop process must be continuous from start to finish. **542.21(b)(1); 542.31(b)(1); 542.41(b)(1); 543.17(d)(4)**

C. All casino instrument storage containers shall be exchanged with another (empty) storage container during the course of the drop procedure. If the storage container cannot be exchanged due to malfunction or other reason, the drop team must record the permanent asset number and document the

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reason for not including the asset in the drop process. **542.21(b)(3); 542.31(b)(3); 542.41(b)(3); 543.17(d)(7)**

D. Casino instrument storage containers must be transported through the utilization of a transportation cart that shall be equipped with a locking mechanism to prevent access to the funds at times other than the drop and count. Emergency drop/partial drop proceed transfers may be exempt from this standard.

E. All casino instrument storage containers must be posted with a number that will correspond to a permanent number on the game/asset/kiosk designating the source of the funds.

542.21(b)(5),(e)(4); 542.31(b)(5),(e)(5); 542.41(b)(5),(e)(5); 543.17(d)(8),(e)(5)

F. Upon removal, casino instrument storage containers must be transported directly to the count room or other equivalently secure area with comparable control and locked in a secure manner until the count takes place.

542.21(b)(2)(iii),(e)(3); 542.31(b)(2)(iii),(e)(4); 542.41(b)(2)(iii),(e)(4); 543.17(d)(6)(iii),(e)(4)

13.3 Count Standards

Controls must be established and procedures implemented to ensure the security of the count and the count room to prevent

unauthorized access, misappropriation of funds, forgery, theft, or fraud. **543.17(c)**

A. Count Team

1. For instances in which the number of count team members refer to three (3) employees, Tier A and B casino operations may utilize two (2) employees as provided for in the casino operation's SICS. **542.21(c)(1); 542.31(c)(1); 542.41(c)(1); 543.17(c)(1)**

2. For Tier C casino operations, all counts must be performed by a minimum of three (3) employees and no fewer than three (3) employees may be in the count room until the drop proceeds have been accepted into cage/vault accountability. **542.21(c)(2); 542.31(c)(2); 542.41(c)(2); 543.17(c)(2)**

3. Count room personnel are not allowed to exit or enter the count room during the count except for emergencies or scheduled breaks. Surveillance must be notified of each time. **542.21(c)(2); 542.31(c)(2); 542.41(c)(2); 543.17(c)(2)**

4. Count team members must be rotated on a routine basis such that the count team is not consistently the same three (3) persons more than four (4) days per week. This standard shall not apply to casino operations that utilize more than three persons on the count team.

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- 542.21(c)(3); 542.31(c)(3);
542.41(c)(3); 543.17(c)(3)**
5. Functions performed by the count team members must be rotated on a routine basis.
543.17(c)(4)
6. The count team members must be independent of the drop proceeds/revenue center being counted.
**542.21(c)(4); 542.31(c)(4);
542.41(c)(4); 543.17(c)(5)**
- a. For Tier A and B operations a cage employee may be used if they are not the sole recorder of the count and do not participate in the transfer of drop proceeds to the cage/vault. An accounting representative may be used if there is an independent audit of all soft count documentation.
**542.21(c)(4); 542.31(c)(4);
543.17(c)(5)**
- b. For Tier C operations an accounting representative may be used if there is an independent audit of the count room documentation.
542.41(c)(4); 543.17(c)(5)
- B. The casino instrument storage container count must be performed in a designated count room or other equivalently secure area with comparable controls, as approved by the CNGC.
**542.21(d)(1),(f)(1);
542.31(d)(1),(f)(1);**
- 542.41(d)(1),(f)(1);
543.17(f)(2),(g)(2),(i)(2)**
- C. Immediately prior to the count (before the first count begins) at least two (2) count team members must verify the accuracy of the currency counter with previously counted currency for each denomination (i.e., test currency). The test currency is counted by the currency counter to ensure that the counter is functioning properly. The test results shall be documented and maintained.
543.17(f)(5),(g)(6),(i)(6)
1. The currency counter test must be performed with test currency rather than with currency from a casino instrument storage container.
2. If the same currency counter is used for one revenue center (e.g., gaming or non-gaming revenue center) and then immediately used for a second revenue center, performing the currency counter test once will satisfy the standard provided that the same count team members complete one count and then proceed to the other revenue center count.
- D. If counts from various revenue centers and/or kiosks occur simultaneously in the count room, procedures shall be in effect that prevent the commingling of funds.
**542.21(d)(3),(f)(3);
542.31(d)(3),(f)(3);
542.41(d)(3),(f)(3);
543.17(f)(4),(g)(4),(i)(4)**

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E. Casino instrument storage containers must be emptied and counted in such a manner as to prevent the commingling of funds between containers until the contents have been recorded. The count of each container shall adhere to the following:

542.21(d)(4),(f)(4);
542.31(d)(4),(f)(4);
542.41(d)(4),(f)(4);
543.17(f)(6),(g)(8),(i)(8)

1. The count of each casino instrument storage container must be recorded in ink or other permanent form of recordation.

542.21(d)(4)(i),(f)(4)(i);
542.31(d)(4)(i),(f)(4)(i);
542.41(d)(4)(i),(f)(4)(i);
543.17(f)(6)(i),g)(8)(i),(i)(8)(i)

2. For counts that do not utilize a currency counter, a second count must be performed by a member of the count team who did not perform the initial count. Separate counts of chips and tokens must always be performed by members of the count team.

542.21(d)(4)(ii);
542.31(d)(4)(ii);
542.41(d)(4)(ii); 543.17(f)(6)(ii)

3. Coupons or other promotional items not included in gross revenue must be recorded on a supplemental document by either the count team member or accounting personnel. All single-use coupons must be cancelled daily by an authorized employee to prevent improper circulation.

543.17(f)(6)(iii),(g)(8)(ii),
(i)(8)(ii)

4. Procedures must be implemented to ensure that any corrections to the count documentation are permanent and identifiable, and that the original corrected information remains legible. Corrections must be verified by two (2) count team members.

542.21(d)(4)(iii),(f)(4)(ii);
542.31(d)(4)(iii),(f)(4)(ii);
542.41(d)(4)(iii),(f)(4)(ii);
543.17(f)(10),(g)(12),(i)(12)

5. If currency counters are utilized, a count team member must observe the loading and unloading of all currency at the currency counter, including rejected currency.

542.21(d)(5),(f)(5);
542.31(d)(5),(f)(5);
542.41(d)(5),(f)(5);
543.17(f)(7),(g)(9),(i)(9)

6. Two counts of the currency rejected by the currency counter must be recorded per casino instrument storage container, as well as in total. Rejected currency must be posted to the casino instrument storage container from which it was collected.

543.17(f)(8),(g)(10),(i)(10)

7. Each casino instrument storage container, when empty, must be shown to another count team member or to surveillance, provided that the count is monitored in its entirety.

542.21(d)(6),(f)(6);
542.31(d)(6),(f)(6);
542.41(d)(6),(f)(6);
543.17(f)(9),g)(11),(i)(11)

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F. For drop proceeds from table games, the following standards shall apply:

1. Orders for fill/credit (if applicable) must be matched to the fill/credit slips. Fills and credits shall be traced to or recorded on the count sheet.
542.21(d)(7); 542.31(d)(7); 542.41(d)(7)

2. The opening/closing table inventory forms must be either:
542.21(d)(10); 542.31(d)(10); 542.41(d)(10)

a. Examined and traced to or recorded on the count sheet; or
542.21(d)(10)(i); 542.31(d)(10)(i); 542.41(d)(10)(i)

b. If a computerized system is used, accounting personnel can trace the opening/closing table inventory forms to the count sheet. Discrepancies must be investigated with the findings documented and maintained for inspection.
542.21(d)(10); 542.31(d)(10); 542.41(d)(10)

G. The count sheet must be reconciled to the total drop by a count team member who may not function as the sole recorder, and variances shall be reconciled and documented. This standard does not apply to cash-out tickets removed from casino instrument storage containers.
542.21(d)(11),(f)(7); 542.31(d)(11),(f)(7); 542.41(d)(11),(f)(7);

543.17(f)(11),(g)(13),(i)(13)

H. All members of the count team must sign the count document or a summary report to attest to their participation in the count.

542.21(d)(12),(f)(8); 542.31(d)(12),(f)(8); 542.41(d)(12),(f)(8); 543.17(f)(12),(g)(14),(i)(14)

I. A final verification of the total drop proceeds, before transfer to the cage/vault must include the following:

543.17(f)(13),(g)(15),(i)(15)

1. Final verification must be performed by at least two (2) count team members, one of whom must be a supervisory count team member.
543.17(f)(13),(g)(15),(i)(15)

2. Final verification must include a comparison of currency counted totals against the currency counter system/system report (not the report generated by the gaming system or kiosk), if any counter/system is used.
543.17(f)(13)(i),(g)(15)(i),(i)(15)(i)

3. Any unresolved variance must be documented and the documentation must remain a part of the final count record forwarded to Revenue Audit.
543.17(f)(13)(ii),(g)(15)(ii), (i)(15)(ii)

4. This verification does not require a complete recount of the drop proceeds, but does require a review sufficient to verify the

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- total drop proceeds being transferred.
**543.17(f)(13)(iii),(g)(15)(iii),
(i)(15)(iii)**
5. The two (2) count team members must sign the report attesting to the accuracy of the total drop proceeds verified.
**543.17(f)(13)(iv),(g)(15)(iv),
(i)(15)(iv)**
- J. All drop proceeds must be transferred to the cage/vault in accordance with the following standards:
1. All drop proceeds and cash equivalents that were counted must be submitted to the cage or vault employee (who must be independent of the count team) or to an authorized employee independent of the revenue generation source and the count process for verification. Such person must certify, by signature, the amount of the drop proceeds being delivered and received. Any unresolved variances shall be reconciled, documented, and/or investigated by accounting/revenue audit.
**542.21(d)(13),(f)(9);
542.31(d)(13),(f)(9);
542.41(d)(13),(f)(9);
543.17(f)(13)(v),(g)(15)(v),
(i)(15)(v)**
2. After verification by the cage/vault employee receiving the funds, the drop proceeds must be transferred to the cage/vault.
543.17(f)(14),(g)(16),(i)(16)
3. The count documentation and records must not be transferred to the cage/vault with the drop proceeds.
**543.17(f)(14)(i),(g)(16)(i),
(i)(16)(i)**
4. The cage/vault employee performing the verification count shall be precluded from having prior knowledge of the results of previous counts performed by the count team.
**543.17(f)(14)(ii),(g)(16)(ii),
(i)(16)(ii)**
5. All cage/vault records must be forwarded to accounting or secured and accessible by only the accounting/revenue audit department.
**543.17(f)(14)(iii),(g)(16)(iii),
(i)(16)(iii)**
6. The cage/vault employee receiving the transferred drop proceeds must sign the count sheet (or other reconciling document) attesting to the verification of the total received, and thereby assuming accountability of the currency drop proceeds, ending the count.
**543.17(f)(14)(iv),(g)(16)(iv),
(i)(16)(iv)**
7. Any unresolved variances between total drop proceeds recorded on the count room report and the cage/vault final verification during the transfer must be documented and investigated.
**543.17(f)(14)(v),(g)(16)(v),
(i)(16)(v)**

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K. The count team must not have access to the reconciliation report (i.e. bill-in meter reports, kiosks reconciliation reports, etc.) amounts until after the count is completed and the drop proceeds are accepted into cage/vault accountability.

543.17(g)(5),(i)(5)

L. The count sheet, with all supporting documents, shall be promptly delivered to the accounting department by a count team member or someone other than the Cage/Vault department. Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.

542.21(d)(14),(f)(10);

542.31(d)(14),(f)(10);

542.41(d)(14),(f)(10);

543.17(f)(15),(g)(17),(i)(17)

13.4 Equipment

Equipment utilized for the drop and count of the casino instrument storage containers shall comply as follows:

A. Currency counters and any related hardware, software, and system interfaces must be approved by the CNGC prior to use in the count room.

B. If a currency counter interface is used: **543.17(f)(6)(iv),(g)(7),(i)(7)**

1. It shall be adequately restricted (e.g., password, keys, etc.) so as to prevent unauthorized access.

543.17(f)(6)(iv)(A),(g)(7)(i),(i)(7)(i)

2. The currency drop figures shall be transferred via direct communications line or computer storage media to the accounting department.

543.17(f)(6)(iv)(B),(g)(7)(ii),(i)(7)(ii)

3. Unannounced currency counter and currency counter interface (if applicable) tests shall be performed by personnel independent of the cage, vault, count team, and/or applicable gaming departments on at least a quarterly basis with the test results documented and maintained.

a. All denominations of currency counted by the currency counter must be tested.

b. The results of these tests shall be documented and signed by the person or persons performing the test.

C. Casino Instrument Storage Containers

1. Access to casino instrument storage containers must be restricted to authorized persons.

2. A unique asset tracking number shall be assigned to each bill acceptor and drop box for inventory tracking purposes.

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3. A perpetual inventory shall be maintained for tracking all casino instrument storage containers which shall be verified on at least a quarterly basis that shall indicate the status (e.g. in service, out of service), custodial department, and location.
4. Casino instrument storage containers must be inspected on a monthly basis with any necessary maintenance identified at that time.
5. Casino instrument storage containers must be thoroughly emptied and reviewed by management and surveillance before taken off-site for any outside maintenance.

D. Other Equipment

1. Transportation Carts
 - a. All transportation carts shall be equipped with a locking mechanism to prevent access to the funds at times other than the drop and count.
 - b. Locking mechanism shall be inspected on a monthly basis with any necessary maintenance identified at that time.

2. [Reserved].

13.5 Emergency Drop Procedures

Emergency drop procedures shall be developed by the casino operation as

approved by the CNGC. Such procedures shall be maintained and documented in the appendix of this document, including all modifications and amendments.

DEPARTMENT OF THE INTERIOR

National Indian Gaming Commission

25 CFR Part 543

RIN 3141-AA27

Minimum Internal Control Standards

AGENCY: National Indian Gaming Commission, Interior.

ACTION: Final rule.

SUMMARY: The National Indian Gaming Commission (NIGC) amends its minimum internal control standards for Class II gaming under the Indian Gaming Regulatory Act to add standards for kiosks.

DATES: Effective November 25, 2013.

FOR FURTHER INFORMATION CONTACT: National Indian Gaming Commission, 1441 L Street NW., Suite 9100 Washington, DC 20005. Telephone: 202-632-7009; email: reg.review@nigc.gov.

SUPPLEMENTARY INFORMATION:

I. Background

The Indian Gaming Regulatory Act (IGRA or Act), Public Law 100-497, 25 U.S.C. 2701 *et seq.*, was signed into law on October 17, 1988. The Act established the National Indian Gaming Commission (“NIGC” or “Commission”) and set out a comprehensive framework for the regulation of gaming on Indian lands. On January 5, 1999, the NIGC published a final rule in the **Federal Register** called *Minimum Internal Control Standards*. 64 FR 590. The rule added a new part to the Commission’s regulations establishing Minimum Internal Control Standards (MICS) to reduce the risk of loss because of customer or employee access to cash and cash equivalents within a casino. The rule contains standards and procedures that govern cash handling, documentation, game integrity, auditing, surveillance, and variances, as well as other areas.

The Commission recognized from their inception that the MICS would require periodic review and updates to keep pace with technology and has substantively amended them numerous times, most recently on September 21, 2012. 77 FR 58708.

II. Development of the Rule

On September 21, 2012, the Commission concluded nearly two years of consultation and drafting with the publication of comprehensive amendments, additions, and updates to Part 543, the minimum internal control standards (MICS) for Class II gaming

operations. The regulations require tribes to establish controls and implement procedures at least as stringent as those described in this part to maintain the integrity of the gaming operation.

One of the 2012 additions was the inclusion of standards for kiosks, devices capable of redeeming vouchers and/or wagering credits or initiating transfers from a patron deposit account. The regulation provided general standards for kiosks but, upon further review, additional standards are needed for the surveillance of kiosks and for the collection and count of their contents.

The Commission published a proposed rule adding kiosk drop, count, fill, and surveillance standards to Part 543 on February 20, 2013 (78 FR 11793). The Commission received numerous comments and, after engaging in two tribal consultations and considering all public comments, has revised the rule.

III. Review of Public Comments

Many commenters expressed overarching concerns with the rule’s structure and scope, questioning whether the proposed rule truly contained minimum standards. The Commission agrees with the commenters, and has scaled back the rule to contain minimum internal controls for kiosks. To begin, commenters distinguished kiosks from player interfaces and card tables, explaining that kiosks operate on an imprest level, are maintained on the cage accountability, and do not present the same risks as the revenue generating centers. Therefore, they contend that it is excessive and inappropriate to apply the strict drop and count process to kiosks. The Commission agrees. Accordingly, references to the drop and count team have been replaced with more general terminology (i.e., authorized agents); a provision has been added to allow the count to take place “in a secure area, such as the cage or count room;” and many of the stringent count standards have been removed to account for those operations performing the kiosk count in the cage and to reflect lower level of risk presented by kiosks. By removing many of the count standards, the Commission has also resolved specific concerns about provisions that were contained in those standards, such as testing count equipment and assigning unique asset identification numbers.

Commenters also suggested that the kiosk standards would be better placed in the Cage section. The Commission acknowledges that kiosks are maintained on the cage accountability and that some provisions may

reasonably be organized under the cage section, while others may overlap. Accordingly, where the Cage section contains fill and report standards, similar standards have been removed from the Drop and Count sections to avoid redundancy. The Commission declines, however, to relocate all kiosk standards to the Cage section because the process of removing the currency cassettes and financial instrument storage components is most similar to—though less stringent than—the drop and count process for player interfaces and card tables. By removing the report provisions, The Commission has also resolved commenters’ concerns regarding the automatic generation of the reports and any incidental viewing of them by those removing the currency cassettes and/or financial instrument storage components.

Commenters also expressed concerns with definitions. Two comments suggested that the definition of kiosk should be limited only to the type of kiosks that dispense currency. It appears, however, that the commenters were referencing a definition of kiosk that has since been superseded by the publication of 25 CFR 543.2 on September 21, 2012 (77 FR 58708). The Commission believes that the current definition satisfies the commenters’ concerns by appropriately limiting the term to redemption kiosks.

Additionally, commenters objected to defining currency cassettes as a “locked” compartment because not all cassettes are locked and it would be impracticable and cost prohibitive to have a lock installed on each cassette. The Commission agrees and has removed “locked” from the definition. Additionally, the Commission has replaced the controlled key standards for kiosks with a more general statement requiring controls to be established and procedures implemented to safeguard the keys for kiosks. Further, the Commission notes that § 543.18(d)(3) adequately protects the integrity of currency cassettes by requiring them to be secured with a lock or tamper resistant seal if not placed inside a kiosk.

Commenters stated that requiring three agents to remove currency cassettes and financial instrument storage components from kiosks is excessive. The Commission agrees and has reduced the requirement to two agents.

Commenters explained that requiring operations to test currency cassettes to verify the correct denomination in each cassette is not possible for many machines because they have multiple cassettes of the same denomination and

the machine must exhaust the first cassette before dispensing from the others. The Commission appreciates this explanation and has replaced the standard with a more general requirement for operations to establish controls and implement procedures to ensure that cassettes contain the correct denominations.

One commenter requested clarification of "emergency" as it applies to authorized persons being permitted to access full kiosk currency cassettes and financial instrument storage components "in an emergency" for resolution of a problem. As the Commission has explained in previous preambles (Sec 77 FR 58708), the tribal gaming regulatory authorities and operation management are in the best position to define the term and the Commission declines to substitute its judgment.

One commenter noted that coupons have cash value and must, rather than "may," be recorded. The Commission chooses not to make this change, but intends to consider it in the next rulemaking session.

Commenters suggested that Tier A facilities should be exempted from the requirement to notify surveillance before removing cassettes and components from kiosks because they are not required to have a staffed surveillance room. The Commission acknowledges this concern, notes that the discrepancy also appears in the drop and count standards for player interfaces and card games, and intends to address the issue comprehensively in the next rulemaking session. In the meantime, the Commission does not expect operations to make futile efforts to notify a nonexistent surveillance staff member.

Finally, commenters expressed concern that the surveillance standard for kiosks may require more than one dedicated camera for each kiosk, presenting a considerable expense to operations. The Commission stresses that the cameras need only capture a general overview of each kiosk with sufficient clarity to identify the activity and the individuals performing it. This means, for example, that if a patron is redeeming a voucher, someone viewing the surveillance footage should be able to determine that the activity was a redemption. The camera is not required to capture the amount of the voucher or the denominations of currency being dispensed. The Commission declines to reduce the standard further.

Regulatory Matters

Regulatory Flexibility Act

The rule will not have a significant impact on a substantial number of small entities as defined under the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.* Moreover, Indian Tribes are not considered to be small entities for the purposes of the Regulatory Flexibility Act.

Small Business Regulatory Enforcement Fairness Act

The rule is not a major rule under 5 U.S.C. 804(2), the Small Business Regulatory Enforcement Fairness Act. The rule does not have an effect on the economy of \$100 million or more. The rule will not cause a major increase in costs or prices for consumers, individual industries, Federal, State, local government agencies or geographic regions, nor will the proposed rule have a significant adverse effect on competition, employment, investment, productivity, innovation, or the ability of the enterprises, to compete with foreign based enterprises.

Unfunded Mandate Reform Act

The Commission, as an independent regulatory agency, is exempt from compliance with the Unfunded Mandates Reform Act, 2 U.S.C. 1502(1); 2 U.S.C. 658(1).

Takings

In accordance with Executive Order 12630, the Commission has determined that the rule does not have significant takings implications. A takings implication assessment is not required.

Civil Justice Reform

In accordance with Executive Order 12988, the Commission has determined that the rule does not unduly burden the judicial system and meets the requirements of sections 3(a) and 3(b)(2) of the Order.

National Environmental Policy Act

The Commission has determined that the rule does not constitute a major federal action significantly affecting the quality of the human environment and that no detailed statement is required pursuant to the National Environmental Policy Act of 1969, 42 U.S.C. 4321, *et seq.*

Paperwork Reduction Act

The information collection requirements contained in this rule were previously approved by the Office of Management and Budget as required by 44 U.S.C. 3501, *et seq.*, and assigned OMB Control Number 3141-0009. The

OMB control number expires on October 31, 2015.

Text of the Final Rule

For the reasons discussed in the preamble, the Commission amends 25 CFR part 543 as follows:

PART 543—MINIMUM INTERNAL CONTROL STANDARDS FOR CLASS II GAMING

■ 1. The authority for Part 543 continues to read as follows:

Authority: 25 U.S.C. 2702(2), 2706(b)(1-4), 2706(b)(10).

■ 2. Amend § 543.2 by adding a definition for *currency cassette* in alphabetical order to read as follows:

§ 543.2 What are the definitions for this part?

* * * * *

Currency cassette. A compartment that contains a specified denomination of currency. Currency cassettes are inserted into kiosks, allowing them to dispense currency.

* * * * *

■ 3. Amend § 543.17 by revising the section heading and paragraphs (h) and (i), and adding paragraphs (j) and (k) to read as follows:

§ 543.17 What are the minimum internal control standards for drop and count?

* * * * *

(h) *Collecting currency cassettes and financial instrument storage components from kiosks.* Controls must be established and procedures implemented to ensure that currency cassettes and financial instrument storage components are securely removed from kiosks. Such controls must include the following:

(1) Surveillance must be notified prior to the financial instrument storage components or currency cassettes being accessed in a kiosk.

(2) At least two agents must be involved in the collection of currency cassettes and/or financial instrument storage components from kiosks and at least one agent should be independent of kiosk accountability.

(3) Currency cassettes and financial instrument storage components must be secured in a manner that restricts access to only authorized agents.

(4) Redeemed vouchers and pulltabs (if applicable) collected from the kiosk must be secured and delivered to the appropriate department (cage or accounting) for reconciliation.

(5) Controls must be established and procedures implemented to ensure that currency cassettes contain the correct

denominations and have been properly installed.

(i) *Kiosk count standards.* (1) Access to stored full kiosk financial instrument storage components and currency cassettes must be restricted to:

- (i) Authorized agents; and
 - (ii) In an emergency, authorized persons for the resolution of a problem.
- (2) The kiosk count must be performed in a secure area, such as the cage or count room.

(3) If counts from various revenue centers and kiosks occur simultaneously in the count room, procedures must be in effect that prevent the commingling of funds from the kiosks with any revenue centers.

(4) The kiosk financial instrument storage components and currency cassettes must be individually emptied and counted so as to prevent the commingling of funds between kiosks until the count of the kiosk contents has been recorded.

(i) The count of must be recorded in ink or other permanent form of recordation.

(ii) Coupons or other promotional items not included in gross revenue (if any) may be recorded on a supplemental document. All single-use coupons must be cancelled daily by an authorized agent to prevent improper recirculation.

(5) Procedures must be implemented to ensure that any corrections to the count documentation are permanent, identifiable, and the original, corrected information remains legible. Corrections must be verified by two agents.

(j) *Controlled keys.* Controls must be established and procedures implemented to safeguard the use, access, and security of keys for kiosks.

(k) *Variations.* The operation must establish, as approved by the TGRA, the threshold level at which a variance must be reviewed to determine the cause. Any such review must be documented.

■ 4. Amend § 543.21 by adding paragraph (c)(6) to read as follows:

§ 543.21 What are the minimum internal control standards for surveillance?

* * * * *

(c) * * *

(6) Kiosks: The surveillance system must monitor and record a general overview of activities occurring at each kiosk with sufficient clarity to identify the activity and the individuals performing it, including maintenance, drops or fills, and redemption of wagering vouchers or credits.

* * * * *

Dated: September 24, 2013, Washington, DC.

Tracie L. Stevens,
Chairwoman.

Daniel J. Little,
Associate Commissioner.

Jonodev O. Chaudhuri,
Associate Commissioner.

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DEPARTMENT OF JUSTICE

Bureau of Prisons

28 CFR Part 524

[BOP-AB60-F]

RIN 1120-AB60

Progress Reports Rules Revision

AGENCY: Bureau of Prisons, Justice.

ACTION: Final rule.

SUMMARY: In this document, the Bureau of Prisons (Bureau) removes from regulations and/or modifies two types of progress reports: transfer reports and triennial reports.

DATES: This rule is effective on November 25, 2013.

FOR FURTHER INFORMATION CONTACT: Sarah Qureshi, Office of General Counsel, Bureau of Prisons, phone (202) 307-2105.

SUPPLEMENTARY INFORMATION: In this final rule, the Bureau removes from regulations and/or modifies two types of progress reports: Transfer reports and triennial reports. We published a proposed rule on this topic on September 15, 2011 (76 FR 57012).

Section 524.41, entitled "Types of progress reports," lists several types of progress reports prepared for non-Bureau entities, such as for parole hearings, pre-release, final (prepared 90 days before an inmate's release to a term of supervision), and for other reasons (such as upon court request or a clemency review). The previous regulations also identified two types of progress reports that were primarily intended for internal Bureau purposes: Those prepared when inmates transfer to community confinement or another institution, and those prepared triennially if not more frequently done for any other reason.

Transfer Reports. The previous regulations defined "transfer report" as one prepared on an inmate recommended and/or approved for transfer to community confinement or to another institution and whose progress has not been summarized within the

previous 180 days. The Bureau modifies this definition in the final rule to indicate that transfer reports will only be prepared on inmates transferring to community confinement or non-Bureau facilities.

Current Bureau practice and advances in technology have obviated the need to prepare a specific paper report when an inmate is transferred between Bureau facilities. When an inmate is transferred, all pertinent information regarding the progress of an inmate being transferred has already been updated in the Bureau's computer system, which staff may access at all Bureau facilities. It is, therefore, unnecessary for a separate and specific progress report to be prepared by staff at the transferring Bureau facility for staff at the receiving Bureau facility, when receiving facility staff can easily access this information themselves through the Bureau's computer system.

However, when an inmate is transferring to any non-Bureau facility, staff at that facility may not have access to the Bureau's computer system. The proposed rule also contemplated removing the requirement to prepare transfer reports for inmates transferring to Bureau community confinement facilities. However, since publishing the proposed rule, it has come to the Bureau's attention that some Bureau community confinement facilities do not yet have the capability to access the Bureau's computer system. Therefore, because they do not have consistent access to the Bureau's computer system, it would be necessary for Bureau staff to prepare a transfer report detailing an inmate's progress for inmate transfers to both community confinement facilities and non-Bureau facilities. In an abundance of caution, therefore, we modify the proposed rule to indicate that transfer reports must continue to be prepared not only for inmate transfers to non-Bureau facilities, but for transfers to community confinement as well.

Triennial Reports. In the final rule, the Bureau deletes triennial reports as a type of progress report. Previous regulations stated that a progress report would be prepared on each designated inmate at least once every 36 months if not previously generated for another reason.

Before the development of the internal Bureau computer information network, triennial reports were a necessary tool used to provide staff with specific inmate information. As explained above, however, current Bureau practice and advances in technology have obviated the need to prepare a specific progress report every 36 months, because all information