



# Stringfellow Consulting Services Unlimited

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## I. BSA/AML (Title 31) Risk Assessment/Independent Review Engagement Proposal

Based on Sarbanes-Oxley (SOX) compliance, and GAAP+: beginning with a Review of your Written BSA Compliance Program. 2 BSA Title 31 Specialists will perform this assessment onsite.

Per FinCen and IRS Regulations (Title 31), A BSA/AML Independent Review MUST take place each year, and while Risk Assessments for Financial Institutions (Casinos) aren't mandatory yet – it is strongly suggested that each casino have a Risk Assessment performed. The work is the same whether a Risk Assessment is performed or not... so why not do it?

The IRS hired 200 additional Examiners in 2012, specifically to perform BSA/AML Audits at Tribal Facilities.

Civil and Criminal Fines and Penalties are grossly out of context to the findings.

### • **Assessment Segment:**

Starting with the Written Compliance Program, we move into CDD, MTL, CTRC, SARC and MIL Assessments. We will work closely with your Compliance Officer / Auditor to evaluate Deadlines, Compliance and Control, which are then rated and documented. Training programs are examined, as well as a multitude of Internal and External risk factors. See attached Performance Detail.

### • **Debriefing Presentation:**

After the BSA (Title 31) Risk Assessment is complete, there will be a debriefing and review segment.

The whole process will span 7-9Days:

Day 1 - 7	Day 8 & 9
BSA Risk Assessment	Continuation of RA if needed

## II. Scope of Services

### **Risk Assessment Deliverables Include:**

- Assessment and Evaluation
- Product derived from information gained from (Including, but not limited to) the attached Performance Detail
- BSA Risk Elements Table
- Risk Assessment Report and Recommendations within 14 calendar days of assessment
- All Work papers
- Debriefing
- 2 Assessors

### **Client will provide the following:**

- Access to Audit List Items, and Employees for Interview
- Hotel Room from the Day before thru the day following Assessment (A large room we can use as an extended office is best)
- Audit space in the Accounting area

## III. Bid Fee/Retainer

**\$9,500.00** (Nine-Thousand Five Hundred Dollars) + Out of Pocket Expenses Payable as Follows:

- Fee of \$9500.00 payable on acceptance and signing.
- Prepaid expenses (Flight, Car, and Meals) of \$2500.00 due with fee. We will book flights and rental car at this time, and send confirmation.
- Total due upon acceptance: \$12,000 (Twelve-Thousand Dollars)
- No other fees or charges are forthcoming.

- An IDR (Information Document Request) will be sent to contact immediately upon acceptance. As well as performing many Risk Assessment/Independent Reviews for our clients, we have performed 7 side-by-side Assessments with the IRS Examiners present. This has been a wonderful experience for us, as we learned their Objectives and Agendas. We were also able to secure their IDRs and Checklists as a result of these Assessments.

To date, we only have 1 failed Assessment, which was due to unfortunate circumstances beyond our control (the client could not or would not provide documentation requested, and asked a report be released regardless. We simply will not release a report before the work is completed and satisfactory!).

#### **IV. Historically Speaking:**

- Every BSA Assessment/Independent Review we've reviewed has used batch and sample auditing  
*~This audit practice is fine (even necessary) for an External MICS or Financial Audit, but is not what is required by the IRS (nor is it how the IRS Audits you!). All documentation must be reviewed. It is that simple really.*
- Every BSA Assessment/Independent Review we've reviewed has been for the wrong time period  
*~Not Funny. Auditing the wrong time period can create findings in and of itself. Further, if the wrong time set is audited, then it may be that an audit of the current conditions has not taken place.*
- Every BSA Assessment/Independent Review we've reviewed has been performed with minimal time allotted  
*~2 to 3 days are not enough. The BSA/AML Assessment/Review is not an "ancillary" audit to be performed while in the midst of performing other audits. It is a stand-alone Assessment/Review, which takes time and specialty skills to perform.*  
*~We assign 2 reviewers for 7-9 full days (In some cases 11 Full Days).*
- We have not reviewed a single prior BSA Assessment/Independent Review in which the report was longer than 5 pages, including salutations and closing  
*~We have not released a report that was less than 30 pages (not including salutations and closing!).*  
*~Our completed report (not a draft) and all work papers are released to you within 14 days of completion of the onsite work.*
- We have not reviewed a single BSA Assessment/Independent Review in which the audit firm did not state that it was not a "test of internal controls" or not a "determination of control weakness"  
*~This language is put in place to protect the CPA Firm.*  
*~At SCSU, we feel an assessment of this type, by its' very nature, IS an examination of the Internal Controls and their Effectiveness!*
- Each BSA Assessment/Independent Review we have reviewed has been at least \$3000.00 higher, and in some cases as much as \$12,000.00 higher than our fee!  
*~We don't tack on billable hours.*  
*~All expenses are covered up front.*  
*~Contracted fee is exactly what you pay.*

## ***Performance Detail for: SCSU BSA/AML (Title 31) Risk Assessment/Independent Review***

- SCSU meticulously follows all COSO recommendations, as well as Sarbanes-Oxley compliance formats and recommendations. Generally Accepted Accounting Principles are applied, using the most stringent course of testing and sampling. We use the whole sample method, and test all work within the audit period.
- We are onsite for a minimum of 7-9 full days for the physical assessment, more if required.
- We apply a team management approach, and both Barron and Athena work within their individual and shared areas of expertise.
- Barron acts as the client liaison and the lead on BSA/AML assessment engagements. As sole-proprietors, either may be contacted regarding the engagement. Your work will not be out sourced.
- 2 BSA Title 31 Specialists perform this assessment onsite.

- **Assessment:**

Starting with the Written Compliance Program, we move into CIP (including OFAC & FATF), MTL, CTRC, SARC, W2G, Players Club, W-9 (1099) and MIL/NIL Assessments; HIDTA/HIFCA Criteria is assessed. We will work closely with your Compliance Officer / Auditor to evaluate Deadlines, Compliance and Control, which are then rated and documented. Training programs are examined, as well as a multitude of Internal and External risk factors. A complete Risk Analysis Table and Report (SOX Compliant) are provided as work product.

- **Debriefing Presentation:**

After the BSA (Title 31) Risk Assessment is complete, a debriefing and review segment is conducted.

**Risk Assessment Deliverables Include:**

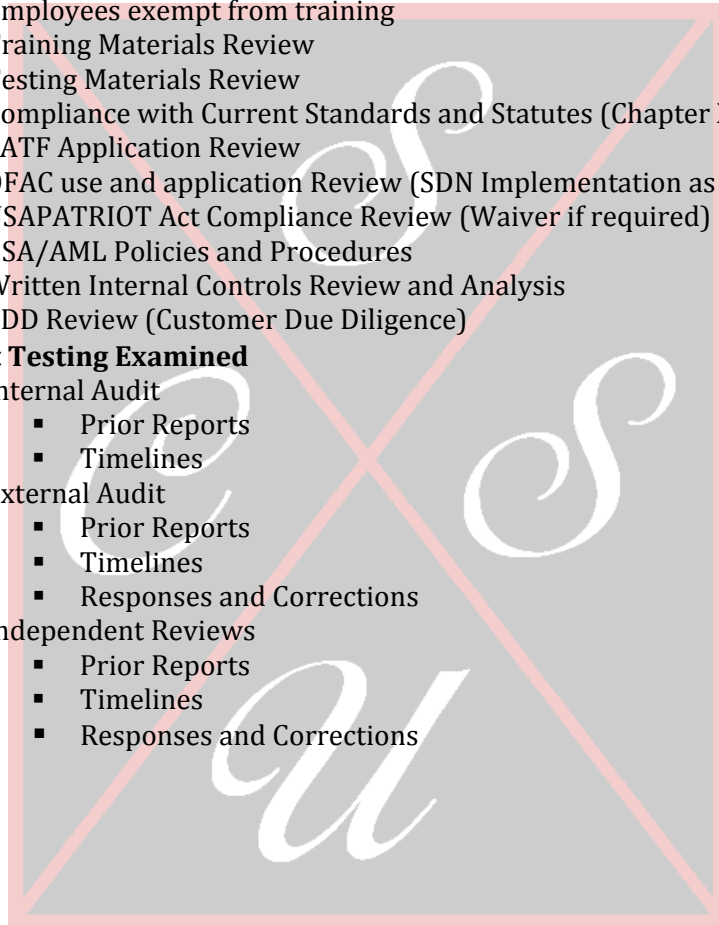
- Assessment and Evaluation (Independent Review)
- BSA Risk Elements Table
- Risk Assessment Report
- All Work papers
- Debriefing
- BSA Compliance Packet (All Deliverables burned to DVD-Rom Disc, and hard copies of Table/Report)
- All deliverables to client within 14 work days after on site assessment is completed.

**Engagement Detail (Including, but not limited to):**

- **Financial Risk Factors**
  - Gross Revenue (Not just Gaming)
  - Slot Drop
  - Table Games Drop
  - Keno Write
  - Bingo Sales
  - OTB Write
  - Retail Sales (Including Gift Certificates)
  - Concert/Live Entertainment Sales
  - Banquet Sales
  - Departmental BSA/AML Policies & Procedures Review
  - Employee Turnover
- **Gaming Floor Risk Factors**
  - Size and Layout of Gaming Floor
  - Number of Slot Machines
  - Types and Risk of individual Slot Machines

- **Gaming Floor Risk Factors (Continued)**
  - Use of Automated Systems
  - Denomination of Slot Machines
  - Number of Table Games
  - Types and Risk of individual Table Games
  - Table Game Limits
  - Number of Kiosks
  - Kiosk ticket redemption limits
  - Number of ATM's
  - Departmental BSA/AML Policies & Procedures Review
  - Employee Turnover
- **Financial Services & Cage Risk Factors**
  - Services Offered (Including those performed by Hosts, Runners, Management)
  - 3<sup>rd</sup> Party Vendor (Contract Review, if used)
  - Business & Personal Check Cashing & Limits
  - Credit Card Advances
  - Number of Cages
  - Number of Cage Windows
  - Cage Configurations
  - Cash for Cash Policy
  - Cash for Check Policy
  - MTL/CTRC
  - Negotiable Instruments Log Review
  - Departmental BSA/AML Policies & Procedures Review
  - Employee Turnover
- **Customer Base Risk Factors**
  - Average Head Counts
  - Percentage of Known Customers
  - Percentage Rated Play
  - Number of Foreign Customers
  - Typical & Atypical Customer Recognition
  - Geographic Area
  - Criminal Activity in Area
  - Number of Barred patrons / Reason for Barring
  - Floor Personnel to Guest Ratio
  - Proximity of Interstate
  - Proximity of Foreign Border Access (Including Ports)
  - HIDTA/HIFCA Criteria
  - Players Club promotions
  - Cash Promotions
  - Number and Type of Security Incident Reports
  - Departmental BSA/AML Policies & Procedures Review (Security & Players Club)
  - Employee Turnover (Players Club)
- **Regulatory**
  - Training
  - Number of Surveillance Observers
  - Number of Cameras
  - Camera/Square Footage Ratio
  - Number and Type of Surveillance Incident Reports
  - Employee Turnover
- **BSA Compliance Program**
  - Staffing
  - Length of Time in Position

- **BSA Compliance Program (Continued)**
  - % Time spent on BSA Related activities
  - Title 31/SARC Committee
  - Job Descriptions to meet FinCen Requirements
  - MTL Stations
  - SARC/CTRC filings (Includes review of SARCs not filed)
  - Source Document Testing and Tracing to MTL's and CTRC's
  - Review MTL and CTRC's for Accuracy and Filing Deadlines
  - Frequency MTL Review and Analysis
  - Automated Data Review and Analysis
  - W2G, 1099 (W-9) Frequency Review and Analysis
  - Training Program Review including Employee Interviews
  - Frequency & Attendance of Training
  - Employees exempt from training
  - Training Materials Review
  - Testing Materials Review
  - Compliance with Current Standards and Statutes (Chapter X implementation, etc.)
  - FATF Application Review
  - OFAC use and application Review (SDN Implementation as well)
  - USAPATRIOT Act Compliance Review (Waiver if required)
  - BSA/AML Policies and Procedures
  - Written Internal Controls Review and Analysis
  - CDD Review (Customer Due Diligence)
- **Independent Testing Examined**
  - Internal Audit
    - Prior Reports
    - Timelines
  - External Audit
    - Prior Reports
    - Timelines
    - Responses and Corrections
  - Independent Reviews
    - Prior Reports
    - Timelines
    - Responses and Corrections



***If you want a thorough Independent Review AND Risk Assessment combined (there is no additional fee or work involved to do your Risk Assessment!), we are the qualified consultancy for you!***

***When you choose your Examiner, we want you to choose what's best for you! Call us to discuss scheduling.***

*"Faith In Training... Excellence In Service"*