

TITLE 15 GAMBLING AND LIQUOR CONTROL
CHAPTER 4 BINGO AND RAFFLES
PART 10 ACCOUNTING REQUIREMENTS

15.4.10.1 ISSUING AGENCY: New Mexico Gaming Control Board.
[15.4.10.1 NMAC - Rp, 15.4.10.1 NMAC 2/23/2021]

15.4.10.2 SCOPE: This rule applies to all persons subject to regulations promulgated under the New Mexico Bingo and Raffle Act by the New Mexico gaming control board.
[15.4.10.2 NMAC - Rp, 15.4.10.2 NMAC 2/23/2021]

15.4.10.3 STATUTORY AUTHORITY: Authority for this rule derives from the New Mexico Bingo and Raffle Act Section 60-2F-3 NMSA 1978. Subsection H of 60-2F-6 NMSA 1978 authorizes the board to adopt rules to implement the New Mexico Bingo and Raffle Act and to ensure that games of chance conducted in New Mexico are conducted with fairness and that the participants and patrons are protected against illegal practices on any premises.
[15.4.10.3 NMAC - Rp, 15.4.10.3 NMAC 2/23/2021]

15.4.10.4 DURATION: Permanent.
[15.4.10.4 NMAC - Rp, 15.4.10.4 NMAC 2/23/2021]

15.4.10.5 EFFECTIVE DATE: February 23, 2021, unless a later date is cited at the end of a section.
[15.4.10.5 NMAC - Rp, 15.4.10.5 NMAC 2/23/2021]

15.4.10.6 OBJECTIVE: This rule establishes standards for accounting and financial reporting procedures for bingo, raffle and pull-tab licensees under the New Mexico Bingo and Raffle Act.
[15.4.10.6 NMAC - Rp, 15.4.10.6 NMAC 2/23/2021]

15.4.10.7 DEFINITIONS: See 15.4.1.7 for all applicable definitions.
[15.4.10.7 NMAC - Rp, 15.4.10.7 NMAC 2/23/2021]

15.4.10.8 AUDIT PROCEDURES:

- A.** The board or its agents shall:
- (1)** conduct audits on quarterly report forms and supporting documents, periodic and special audits or reviews of the books and records of licensees, examine the books and records of any licensee when conditions indicate the need for such action or upon the request of the board;
 - (2)** review and observe methods and procedures used by licensees, which can include the counting or handling cash or cash instruments; and
 - (3)** determine each licensee's compliance with the act and board rules.
- B.** Audits shall be conducted in conformity with generally accepted auditing standards and compliance standards as established by the board.
- C.** If not in compliance, the licensee will have 15 days, after receiving notification from the board or its agents, to submit the required supporting documentation or prepare and submit an amended quarterly report.
- D.** During the audit, should it be determined that an error on the report resulted in an under or over reporting of tax, the board or its agents shall report its findings to the New Mexico taxation and revenue department, per requirements set forth in the Tax Administration Act and to the licensee.
- E.** Each licensee shall submit a complete quarterly report for each quarter it holds a valid bingo and raffle license. If a licensee has no bingo, raffle or pull-tab activity during any quarter, for whatever reason, the licensee shall submit a zero activity report for that quarter by the prescribed deadline.
- F.** A licensed distributor shall keep and maintain a complete set of records which shall include details of all activities of the distributor related to the conduct of the licensed activity as may be required by the board, including the quantities and types of bingo equipment, bingo paper, pull-tabs and associated supplies purchased and sold. Such records shall be available upon request by the board or its agents and shall be retained in accordance with Section 15.4.10.12 NMAC.
[15.4.10.8 NMAC - Rp, 15.4.10.8 NMAC 2/23/2021]

15.4.10.9 ACCOUNTING PROCEDURES:

- A.** All information set forth in the act is required to be documented on forms prescribed by the board.
- B.** The licensee shall separately account for the gross receipts from all games of chance on the prescribed quarterly report forms.
- C.** Each licensee shall maintain a bingo operating account to be used for all games of chance. All gross receipts shall be deposited and all disbursements shall be made from this account.
- D.** A licensee must have at least one separate general operating account in addition to a bingo operating account.
- E.** Funds from games of chance shall not be co-mingled with any other funds used by the licensee.
- F.** The bingo operating account shall have an end-of-month cutoff date.
- G.** The licensees shall reconcile bank statements monthly.
- H.** Licensees shall use a check, not a debit card, ATM card or any form of electronic transfer to pay any expense out of the bank operating account unless an electronic payment is required by IRS, federal, state or, bank regulations or an automated payroll system that uses direct deposits to employees' accounts.
- I.** If a licensee elects to pay bingo and raffle payroll using direct deposit, the licensee shall maintain adequate records to document each individual transaction and will provide all copies of such deposit record transactions with the corresponding bingo and raffle quarterly report form. If an independent bookkeeping or payroll company is used, the licensee shall keep a copy of the agreement that authorizes them as the assigned agent to perform these duties.
- J.** Licensees with pull-tab dispensers shall empty and reconcile the receipts and payouts weekly and at the end of each month. The bingo manager shall ensure the audit printout is legible and retained in its original condition.
- K.** The gross receipts from all games of chance conducted during a bingo occasion shall be deposited into the bingo operating account no later than the next business day. Gross receipts from pull-tab dispensers shall be deposited into the bingo operating account on a weekly basis and at the end of each month.
- L.** Licensees utilizing pull-tab dispensers without a concurrent bingo occasion shall complete an approved record as defined in 15.4.1.7 NMAC for each pull-tab dispenser on a weekly basis.
- M.** Deposit records must be sufficient to allow a determination of deposits made from each occasion and each game of chance.
- N.** Signature stamps shall not be allowed.
- O.** Pre-signed checks shall not be allowed.
- P.** Checks shall be consecutively numbered and signed by two authorized persons.
- Q.** No check shall be drawn to "cash" or a fictitious payee. All checks used to withdraw funds from the bingo operating account to replenish prize payouts or the change fund shall be made payable to the licensee and the memo section shall state "prize payouts" or "change fund".
- R.** A perpetual inventory of the bingo paper and pull-tabs shall be maintained by the bingo manager on a form approved by the board.
- S.** All bingo paper and pull-tab not intended for sale due to defect, damage or any other reason shall be segregated, and destroyed or returned to a licensed distributor:
 - (1)** prior to the segregation or destruction of any bingo paper and pull-tabs:
 - (a)** the material shall be inventoried and recorded on a form approved by the board;
 - (b)** the form signed by the highest ranking officer of the licensee that does not hold a valid staff permit; and
 - (c)** the form shall be submitted to the board's audit division.
 - (2)** all bingo paper and pull-tab returned to a licensed distributor shall:
 - (a)** be inventoried and recorded on a form approved by the board;
 - (b)** have this form signed by a representative of the licensed distributor;
 - (c)** any monies paid by the distributor to the operator for returns shall not be subject to the bingo and raffle tax; and
 - (d)** segregated pull-tabs and documentation regarding the return of pull-tabs to a licensed distributor or the destruction of pull-tabs shall be retained pursuant to Section 15.4.1.12 NMAC.
- T.** All unaccounted for bingo paper and pull-tabs may be subject to the bingo and raffle tax.
- U.** Bingo paper and pull-tab inventories shall not be stored or in any way comingled with the bingo paper and pull-tabs of any other licensee.

V. Any deposits made into the bingo operating account from the organization's general operating account for the purpose of sustaining bingo, pull-tab and raffle activity shall be noted on the deposit slip. These deposits are not considered to be bingo and raffle activity receipts and therefore, not subject to bingo and raffle tax. [15.4.10.9 NMAC - Rp, 15.4.10.9 NMAC 2/23/2021]

15.4.10.10 QUARTERLY REPORTS:

A. The licensee shall submit quarterly bingo and raffle activity reports for all games of chance on the prescribed forms on or before but no later than the 25th day of April, July, October and January. If any due date falls on Saturday, Sunday or legal holiday, the due date is the next business day.

B. Licensees shall provide bank statements, images of the front of all cleared checks, and images of the front of all deposit slips for the period that corresponds with each report.

C. Each quarterly report shall be submitted with the required supporting documentation in the following order:

- (1) quarterly report form;
- (2) supplement forms;
- (3) bank statements for each month;
- (4) copies of all check images and deposit slip images; and
- (5) copy of quarterly tax coupon.

D. If a licensee fails to file quarterly reports within the time required, or if the reports are not properly verified, accurate, and complete, the licensee's license may be suspended until the default has been corrected:

- (1) a \$100 processing fee may be assessed for quarterly reports 30 days or more past due;
- (2) a \$100 processing fee may be assessed if the licensee fails to submit all required supporting documentation or amended quarterly reports per Subsection C of 15.4.10.8 NMAC within 15 days of notification by the board;
- (3) any \$100 processing fees shall be paid within 15 days of receipt of notification along with submission of the quarterly reports and all items requested by the board; to include amended quarterly reports and required supporting documentation;
- (4) failure to submit the quarterly reports or required items requested by the board; to include amended quarterly reports, required supporting documentation and the processing fee(s) within 15 days of receipt of notification, may result in an administrative citation being issued; and
- (5) the licensee may submit an appeal for the assessment of the processing fee(s) to the board within 15 days of receipt of notification. The appeal shall include a written rebuttal to the assessment. Appealing any processing fee does not relieve the licensee from the obligation to pay the fee or allow the licensee additional time to submit the quarterly reports or any required supporting documentation requested by the board.

[15.4.10.10 NMAC - Rp, 15.4.10.10 NMAC 2/23/2021]

15.4.10.11 REPORTING AND PAYMENT PROCEDURES:

A. Each licensee shall prepare an approved record covering each game of chance. This approved record shall disclose the following information:

- (1) gross receipts collected from the sale of all bingo cards, pull-tabs or raffle tickets;
- (2) the retail value of all promotional games;
- (3) cash on hand at the commencement and at the conclusion of each occasion;
- (4) signature of the bingo manager who oversees the occasion on all paperwork; and
- (5) name, signature, and assigned duties of each employee for each occasion.

B. A bingo and raffle tax as established by statute, of any game of chance held, operated or conducted for or by a qualified organization shall be imposed on the qualified organization.

C. The tax imposed pursuant to this section shall be submitted quarterly to the New Mexico taxation and revenue department on or before April 25, July 25, October 25 and January 25.

D. Fees required under the act and all reports relating to taxes and fees shall be received by the board no later than the date specified.

15.4.10.13 DROP, COUNT, AND SECURE PROCEDURES:

A. The drop and the count are two separate procedures. The drop is conducted when the drop box is removed from the pull-tab dispenser and set aside. The count is conducted when each drop box is individually counted and recorded and is to be done immediately following the drop.

B. Licensee shall ensure that all drop boxes are accounted for during the drop and count procedures and prevent the commingling of bills or tickets before the count is completed.

C. At a minimum, the drop and count team shall consist of two persons not related by marriage, to the third degree of consanguinity or affinity, or residing in the same household. If it is not possible to assemble such a team, a third non-related member shall be added to act as the verifier and is responsible for ensuring the accuracy of the count of all drop funds.

D. The Bingo accountant shall not participate in the drop and count process. Drops shall be conducted on the day and time submitted to the Audit and Compliance Division on the Drop and Count Schedule form.

E. Bingo operator licensees are required to perform at least one drop, count and bank deposit at the close of business weekly and on the last day of each month or before the start of operations on the first day of the following month. The regularly scheduled drop day may be adjusted for the last week of the month to satisfy the end of the month drop requirement.

F. Drops may begin at any time up to one hour after the scheduled time. No drop shall start before the scheduled time without prior written notification to the Enforcement and Audit and Compliance Divisions. Dispenser drops shall occur, start and finish, before the premises is open to the public or after the premises have ceased operations for the day and all patrons and non-Bingo Operation employees have vacated the facility. Licensee shall restrict access to the count procedure to authorized count team members only during the count.

G. Permanent changes to the regularly scheduled drop times shall be submitted on a Drop and Count Schedule form to the Enforcement and Audit and Compliance Divisions at least three business days before the requested change date.

H. If licensee needs to complete more than three unscheduled, emergency or partial drops during the month in order to replenish pull-tab funds, they may be notified by their assigned auditor and required to either increase their pull-tab funds, schedule an additional weekly drop, or both.

I. The drop team shall replace the full drop boxes with a second set of empty drop boxes supplied by the distributor. Each validator box shall be assigned to a specific pull-tab dispenser, be clearly labeled with the dispenser's identification numbers and shall have working restricted key locks.

J. The general procedures for conducting the drop are as follows:

- (1) keys to the pull-tab dispensers are obtained from the secured lock box;
- (2) the pull-tab dispenser premises doors shall be locked;
- (3) the pull-tab dispensers doors are opened one at a time;
- (4) full drop boxes are removed one at a time and replaced with empty drop boxes that match the pull-tab dispenser's identification numbers;
- (5) the pull-tab dispenser doors are closed and locked;
- (6) the removed drop boxes are placed on the count table in full view of all team members who shall remain in full view of each other throughout the entire drop process; and
- (7) after the drop is completed, the keys are returned to the secured lock box.

K. Counts shall be performed immediately following the drop, allowing a reasonable amount of time for breaks.

L. General procedures for the count are as follows:

- (1) a designated team member obtains a blank copy of the Drop Count form;
- (2) the count room is secured and locked;
- (3) two members of the count team test the currency counter with a predetermined number of bills, if applicable. Team members shall document the test on the Drop and Count form. If a currency counter is not used, the team shall enter n/a;
- (4) drop boxes shall be individually opened; the bills and tickets removed and placed on the count table;
- (5) the empty drop box is shown to all other team members. The empty box is then closed, locked and placed aside before the next box is opened, emptied and counted;
- (6) one member performs an initial count and another member verifies each total and records the count, by pull-tab dispenser identification number, on the Drop Count form;
- (7) steps four through six are repeated for each drop box until all are counted;
- (8) at the end of the count, each team member shall recalculate and verify the totals on the Drop Count form;
- (9) the drop total shall be reconciled to the total of transaction reports. The transaction reports for the drop period shall be totaled and attached to the Drop Count form as supporting documentation. If the

transaction reports are not available at the time of the count, the Bingo Accountant can complete this step during their review;

(10) the distribution of dropped funds shall be itemized on the Drop Count form. This shall include the amount of drop funds used to replenish the cashier case, the bingo vault and segregated funds required for progressive jack pot payouts. The remaining funds shall be deposited into the bingo operation's bank account.

(11) when the count is complete, all members shall sign and date the Drop Count form and place it with the attached transaction reports in the accounting lock box for the Bingo Accountant's review;

(12) after each drop, the Bingo Manager, along with one other drop team member shall conduct an individual vault/cashier drawer count. The Count shall be performed after the acceptance of drop funds used to replenish the vault and each cashier drawer; and

(13) the count team leader shall return all pull-tab dispenser and drop box keys to the secured lock box.

M. Deposit of all dropped funds not used to replenish the pull-tab funds shall be made into the bingo operation's bank account no later than the close of business on the following business day.

N. Variances identified between the drop funds and the transaction totals in one drop period are often offset by a variance in the prior or following drop period. These off-setting variances do not need to be immediately reported. However, all unreconciled variances (overage or shortage) of \$100 or more, that are not offset by a variance in the prior or following drop period, shall be reported to the Audit and Compliance Division using the Variance Report form withing seventy-two hours of confirmation of the variance.

O. Licensees shall also immediately contact the assigned enforcement agent upon confirmation of the unresolved variance.

P. When there is a pattern of variances or numerous variances in the drop funds in any drop period, the NMGC B may require the licensee to complete a variance investigation for each variance that falls below the \$100 minimum threshold. This will allow the licensee to investigate the reason(s) for the variances and to identify any malfunctioning dispensers so corrective measures can be implemented.

Q. Licensee shall maintain physical custody of, and restrict and document access to, pull-tab dispenser cabinet keys, drop box release keys, drop box storage rack keys, and drop box contents keys.

R. Licensee shall secure drop boxes from the time they are removed from the pull-tab dispenser cabinets to the time they are transported to the count room. Licensee shall deliver all monies and count documents to the appropriate secured location for safekeeping.

S. Licensees shall secure pull-tab dispenser drop box contents when pull-tab dispensers are temporarily removed from the floor; refilling an empty drop box; making dispenser adjustment; and restricting access to computerized systems in a manner that prevents access by unauthorized persons and protects against fraudulent payouts.

T. Licensee manufacturer control system shall provide or make available for review reports that:

(1) verify that the site controller is transmitting and receiving data from the pull-tab dispensers properly and bill-in meters are reading accurate;

(2) compare the bill-in meter reading to the total bill acceptor drop amount or ticket printer amounts and variances shall be reported on the quarterly reports. Variances over \$100 shall be reported to enforcement division immediately upon discovery;

(3) reconcile gross dispenser revenue monthly ;

(4) reconcile tickets printed with payouts for validated tickets;

(5) document and maintain all pull-tab dispenser auditing reports and follow-up procedures as required in this title;

(6) any other report as requested by board staff.

[15.4.10.11 NMAC - Rp, 15.4.10.11 NMAC 2/23/2021]

15.4.10.12 RETENTION OF RECORDS: The licensee shall maintain all records required pursuant to 15.4.1.12 NMAC.

[15.4.10.12 NMAC - Rp, 15.4.10.12 NMAC 2/23/2021]

HISTORY OF 15.4.10 NMAC: [RESERVED]

History of Repealed Material:

15.4.10 NMAC, Bingo and Raffles - Accounting Requirements, filed 3/27/2013 - Repealed 2/23/2021,

Other History:

15.4.10 NMAC, Bingo and Raffles - Accounting Requirements, filed 3/27/2013 replaced by 15.4.10 NMAC, Bingo and Raffles - Accounting Requirements, effective 2/23/2021.