

## Why GAO Did This Study

Over the past 25 years, Indian gaming has become a significant source of revenue for many tribes, reaching \$28 billion in fiscal year 2013. IGRA, the primary federal statute governing Indian gaming, provides a statutory basis for the regulation of Indian gaming. Tribes, states, Interior, and the Commission have varying roles in Indian gaming.

GAO was asked to review Indian gaming. This report examines (1) Interior's review process to help ensure that tribal-state compacts comply with IGRA; (2) how states and selected tribes regulate Indian gaming; (3) the Commission's authority to regulate Indian gaming; and (4) the Commission's efforts to ensure tribes' compliance with IGRA and Commission regulations. GAO analyzed compacts and Commission data on training, compliance, and enforcement; and interviewed officials from Interior, the Commission, states with Indian gaming, and 12 tribes in six states GAO visited selected for geographic distribution and gaming revenues generated.

## What GAO Recommends

GAO recommends that the Commission (1) obtain input from states on its plans to issue guidance on class III minimum internal control standards; (2) review and revise, as needed, its performance measures to better assess its training and technical assistance efforts; and (3) develop documented procedures and guidance to improve the use of letters of concern. The Commission generally agreed with GAO's recommendations.

View [GAO-15-355](#). For more information, contact Anne-Marie Fennell at (202) 512-3841 or [fennella@gao.gov](mailto:fennella@gao.gov).

## INDIAN GAMING

### Regulation and Oversight by the Federal Government, States, and Tribes

## What GAO Found

The Department of the Interior (Interior) has a multistep review process to help ensure that compacts—agreements between a tribe and state that govern the conduct of the tribe's class III (or casino) gaming—comply with the Indian Gaming Regulatory Act (IGRA). From 1998 through fiscal year 2014, Interior approved 78 percent of compacts; Interior did not act to approve or disapprove 12 percent; and the other 10 percent were disapproved, withdrawn, or returned.

States and selected tribes regulate Indian gaming in accordance with their roles and responsibilities established in tribal-state compacts for class III gaming, and tribal gaming ordinances, which provide the general framework for day-to-day regulation of class II (or bingo) and class III gaming. GAO found that the 24 states with class III gaming operations vary in their approach for regulating Indian gaming. Specifically, based on the extent and frequency of state monitoring activities, GAO categorized 7 states as having an active regulatory role, 11 states with a moderate role, and 6 states with a limited role. In addition, all 12 of the selected tribes GAO visited had regulatory agencies responsible for the day-to-day regulation of their gaming operations.

The National Indian Gaming Commission (Commission)—an independent agency within Interior created by IGRA—has authority to regulate class II gaming, but not class III gaming, by issuing and enforcing gaming standards (minimum internal control standards for gaming). The Commission does, however, play a role in class III gaming. For example, the Commission Chair must approve tribal gaming ordinances. In addition, Commission officials told us they do have authority to issue guidance on class III gaming standards. In its plans for developing such guidance, the Commission has laid out specific steps for gathering tribal input, but its plan for gathering input from affected states is unclear. Federal internal control standards call for managers to obtain information from external stakeholders that may have a significant impact on the agency achieving its goals. Along with tribes, state input could aid the Commission in making an informed decision.

Even with differences in its authority for class II and class III gaming, the Commission conducts monitoring activities, and the Commission Chair takes enforcement action to ensure compliance with IGRA and applicable Commission regulations. The Commission has more recently emphasized actions that encourage voluntary resolution of compliance issues, including providing training and technical assistance and alerting tribes of potential compliance issues using letters of concern. However, the effectiveness of these two approaches is unclear. The Commission has limited performance measures that assess outcomes achieved. With such additional measures, the Commission would be better positioned to assess the effectiveness of its training and technical assistance. Further, the Commission does not have a documented process for its letters of concern to help ensure their effectiveness in encouraging tribal actions to address identified issues. Without written procedures the Commission cannot ensure consistency or effectiveness of the letters it sends.