

GAO Highlights

Highlights of [GAO-15-743T](#), a testimony before the Committee on Indian Affairs, U.S. Senate

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.

This testimony highlights the key findings of GAO's June 2015 report (GAO-15-355). Accordingly, it addresses (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. For the June 2015 report, 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 based on geography and gaming revenues generated.

What GAO Recommends

In its June 2015 report, GAO recommended 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-15-743T](#). For more information, contact Anne-Marie Fennell at (202) 512-3841 or fennella@gao.gov.

July 22, 2015

INDIAN GAMING

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

What GAO Found

In its June 2015 report, GAO found that 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of compacts; Interior did not act to approve or disapprove 12 percent; and the other 10 percent were disapproved, withdrawn, or returned.

GAO also found that 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. In addition, the 24 states with class III Indian gaming operations vary in their approaches for regulating Indian gaming, from active (e.g., daily or weekly on-site monitoring) to limited (e.g., no regular monitoring). Further, all 12 selected tribes GAO visited had regulatory agencies responsible for the day-to-day operation of their gaming operations.

In GAO's June 2015 report, GAO found that 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. The Commission is considering issuing guidance with class III standards that may be used voluntarily by tribes and has held consultation meetings to obtain tribal input. However, in June 2015, GAO found the Commission does not have a clear plan for conducting outreach to affected states on its proposal. 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, GAO found that the Commission helps ensure that tribes comply with IGRA and applicable federal and tribal regulations through various activities, including monitoring gaming operations during site visits to Indian gaming operations and Commission-led audits. In addition, since 2011, the Commission has emphasized efforts that encourage voluntary compliance with regulations, 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. GAO found in June 2015 that the Commission had a limited number of 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, GAO found the Commission does not have documented procedures, consistent with federal internal control standards, about how to complete or track letters of concern to help ensure their effectiveness in encouraging tribal actions to address identified potential compliance issues. Without documented procedures, the Commission cannot ensure consistency or effectiveness of the letters it sends.