

Auditor's Name and Date

CPA MICS Compliance Checklist

CARD GAMES

Licensee _____ Review Period _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's card games operations are in compliance with the Card Games MICS.

Date of Inquiry	Person Interviewed	Position

Checklist Completion Notes:

- 1) Unless otherwise instructed, examine a completed document for compliance for those questions referring to records/documentation as indicated and recalculate where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used are to be defined at the bottom of each page.
- 2) All "no" answers require referencing and/or comment, and should be cited as regulation violations, unless the Board Chairman has granted a MICS variation or the question requires a "no" answer for acceptability. All "N/A" answers require referencing and/or comment, as to the reason the MICS is not applicable.
- 3) "(#)" refers to the Minimum Internal Control Standards for Card Games, Version 6.

Questions	Yes	No	N/A	Comments, W/P Reference
1. Has the licensee's written system of internal control for card games been read prior to the completion of this checklist to obtain an understanding of the licensee's card games operation?				
<u>Drop and Count Standards</u>				
2. Do the procedures for the collection of card games drop boxes, the count of the contents thereof and the related key controls comply with the MICS applicable to the table games drop? (7) Determine and indicate whether the card games drop, count and key control procedures are the same as those for table games. If differences exist, complete separate checklists to the extent necessary (or note any difference on the table games checklist). Otherwise, indicate references to the applicable table games checklists.				

Verified per representation.
Verified per observation/examination.

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Questions	Yes	No	N/A	Comments, W/P Reference
<u>Card Games Banks/Transfers</u>				
Testing of transfers between the main card room and the casino cage is required, as applicable. Select one card room transfer document per day for 2 days. Test days must be in non-consecutive months. Indicate test dates selected and results of testing.				
3. Are transfers between table banks and the main card room bank (or casino cage, if a main card room bank is not used) authorized by a supervisor and evidenced by the use of lammer buttons? (2) Note: Lammer buttons not required if the exchange of chips, tokens, and/or currency takes place at the table. Additionally, if table banks are maintained at an imprest level and runners are used for the exchanges at the table, no supervisory authorization is required. (2)				
4. When a card table bank is to be replenished with chips from the main card room bank (or casino cage, if there is no main card room bank), are all cash or chips being transferred verified by the card room dealer and by the runner? (Regulation 23.040) (3) Note: For MICS #2 and #3, a casino cage may function as a main card room bank for compliance purposes within these MICS if a waiver to use a casino cage in lieu of a main card room bank pursuant to Regulation 23.045 has been approved. (Note for 3)				
5. Are transfers between the main card room bank and the casino cage authorized by a supervisor and documented? (4) Verify by examination.				
6. Is the transfer documentation between the main card room bank and the casino cage retained for at least 24 hours? (5)				
<u>Reconciliation of Banks</u>				
Testing of the card room reconciliation is required, as applicable. Select the card room reconciliations for one shift per day for 2 days. Test days must be in non-consecutive months. Indicate test dates selected and results of testing.				
7. Is the amount of the main card room bank counted, recorded, and reconciled at least once every eight hours? (9)				

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Questions	Yes	No	N/A	Comments, W/P Reference
8. For banks that remain on the card tables, at least once every eight hours, are the table banks counted, recorded, and reconciled by a dealer (or other individual if the table is closed) and a supervisor (or an employee independent of the card games department), and attested to by their signatures on the checkout form? (10)				
9. For imprest banks that remain with the dealer, are the banks counted, recorded and reconciled upon issuance and return by the dealer and a supervisor (or an employee independent of the card games department), and attested to by their signatures on the checkout form? (10)				
<u>Shills/Proposition Players</u>				
Testing of the shill issuance/return document is required, as applicable. Select one shill issuance/return document per day for 2 days. Test days must be in non-consecutive months. Indicate test dates selected and results of testing.				
10. Are the issuance of shill funds recorded on a shill sign-out form and do they have the written approval of the supervisor? (11)				
11. Are shill funds returns recorded, verified and signed for by a supervisor on the shill sign-out form? (12)				
12. Is the replenishment of shill funds documented? (13)				
<u>Supervision</u>				
13. Is supervision provided at all times the card room is in operation by supervisory-level personnel with authority equal to or greater than those being supervised? (1) Verify by observation.				
14. Is a supervisor allowed to function as a dealer without any other supervision only when: the games is recorded by surveillance with the recording being maintained for seven days; the time period involved is less than one hour; and disputes are resolved by pit supervisory personnel? (Note for 1)				
15. If a dealer is allowed to function as a supervisor, is it only allowed when he/she is not dealing the game and the games are recorded with the recordings being maintained for seven days? (Note for 1)				

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Questions	Yes	No	N/A	Comments, W/P Reference
<u>Access to Playing Cards</u>				
16. Are playing cards, both used and new, to be issued to a table maintained in a secure location to prevent unauthorized access and reduce the possibility of tampering? (8) State the location.				
17. Are used playing cards that are not to be re-used properly cancelled and removed from service? (8)				
<u>Promotional Progressive Pots and Pools, Drawings and Giveaway Programs</u>				
Note: Promotional progressive pots and pools are defined as pots and pools which are contributed to by poker patrons and distributed back to poker patrons based upon the occurrence of a predetermined event. A promotional progressive pot or pool is, pursuant to Regulation 5.110, a "progressive payoff schedule" and must not be eliminated unless in accordance with Regulation 5.110. (Notes 1 and 2 before 14)				
18. Is the dollar amount of funds contributed by players into the pools returned when won in accordance with the posted rules with no commission or administrative fee withheld? (14) Note 1: The payout may be in the form of personal property (e.g., car). (14, Note 1) Note 2: A combination of a promotion and progressive pool may be offered. (14, Note 2)				
19. Are the conditions for participating in promotional progressive pots, pools, and any other promotion including those as a result of drawings and giveaway programs prominently displayed or available for patron review at the licensed location? (15) Verify by examination.				
20. Are payouts for promotional progressive pots, pools, and any other promotion, including those as a result of drawings and giveaway programs, for an amount greater than or equal to \$500 documented at the time of payment? (16) Verify by examination.				

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<p>21. Does the documentation mentioned in the preceding question include:</p> <ul style="list-style-type: none"> • the date and time; • the dollar amount of payout or description of personal property (e.g., car); • the reason for payout (e.g., promotion name); • the signature of one employee verifying, authorizing, and completing the promotional payout with the patron,; and • the patron's name (for drawings only)? (16a-e) Verify by examination. <p>Note: MICS #16 documentation may be prepared by an individual who is not a card game department employee as long as the required signature is that of the employee completing the payout with the patron. (16)</p>				
<p>Testing of promotional payouts is required, as applicable. Select one promotional payout form per day for 2 days. Test days must be in non-consecutive months. Indicate test dates selected and results of testing.</p> <p>22. If the cash (or cash equivalent) payout for the promotional progressive pot, pool, or other promotion, including those as a result of drawings and giveaway programs, is less than \$500, is documentation created to support the bank accountability from which the payout was made? (17)</p> <p>Note: Required documentation may consist of a line item on a card games or cage accountability document (e.g., "43 \$10 card games giveaway coupons = \$430"). (17)</p>				
<p>23. Are the rules governing promotional pools conspicuously posted in the card room, and/or are they available in writing for patron review? (18)</p>				
<p>24. Do the above mentioned rules designate:</p>				
<p>a) The amount of funds to be contributed from each pot? (18a)</p>				
<p>b) What type of hand it takes to win the pool (e.g., what constitutes a "bad beat")? (18b)</p>				
<p>c) The percentages used to calculate the payout amounts? (18c)</p>				

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d) How/when the contributed funds are added to the pools? (18d)				
e) Amount/percentage of funds allocated to primary and secondary (reset) pools, if applicable? (18e)				
25. Are promotional pool contributions not placed in or near the rake circle, in the drop box, or commingled with gaming revenue from card games or any other gambling game? (19)				
26. Are the promotional funds removed from the card game placed in a locked container in plain view of the public (e.g., a separate locked container affixed to a card game table used solely for promotional pool funds)? (20)				
27. Are persons authorized to transport the locked container precluded from having access to the contents keys? (21)				
28. Is the locked container contents key maintained by a department independent of the card room? (22) Indicate the department.				
29. At least once a day, is the locked container removed by two individuals, one of whom is independent of the card games department, and transported directly to the count room, casino cage or other secure room to be counted? (23) State the department(s).				
30. If the funds are maintained in the cage, are the contents counted, recorded, and verified prior to accepting the funds into cage accountability? (24)				
31. Is the dollar amount of any promotional progressive pot, pool and any other promotion conspicuously displayed in the card room? (25) Verify by examination.				
32. At least once a day, is the progressive sign or meter, if applicable, increased based upon the amount of cash previously counted or received by the cage? (25)				
<u>Contests/Tournaments</u>				
Testing two contests/tournaments is required, as applicable. Contests/tournaments should be in non-consecutive months. Indicate contests/tournaments selected and results of testing.				

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Questions	Yes	No	N/A	Comments, W/P Reference
33. Are all contest/tournament entry fees and prize payouts (including mail transactions) summarized on a cash accountability document on a daily basis? (26)				
34. When contest/tournament entry fees and payouts are transacted, are they recorded on a document which contains:				
a) Patron's name? (27a)				
b) Date of entry/payout? (27b)				
c) Dollar amount of entry fee/payout (both alpha and numeric, or unalterable numeric) and/or nature and dollar value of any noncash payout? (27c)				
d) Signature of the individual completing the transaction attesting to the receipt or disbursement of the entry fee/payout with the patron? (27d)				
e) Name of contest/tournament? (27e)				
f) Are any entry fees accepted after the start of the tournament (i.e., re-buys) documented in accordance with MICS #27 except that the table number may be substituted for the patron's name? (27, Note)				
35. Daily, for contest/tournament prize pools that have the amount of the pool determined through patron contributions from card game pots, are MICS #'s 19-24 followed for such contest/tournament pool contributions? (28)				
36. Are the contest/tournament entry fees and payouts summarized and posted to the accounting records on at least a monthly basis? (29)				
37. Are contest/tournament rules included on all entry forms/brochures and prominently displayed or available for patron review at the licensed location? (30)				
38. Do the rules mentioned in the preceding question contain at least the following:				
a) All conditions that patrons must meet to qualify for entry into, and advancement through, the contest/tournament? (30a)				

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b) Specific information pertaining to any single contest/tournament, including the dollar amount of money placed into the prize pool? (30b)				
c) The distribution of funds based on specific outcomes? (30c)				
d) The name of the organizations (or persons) registered pursuant to NRS 463.169 that conducted the contest/tournament on behalf of, or in conjunction with, the licensee, if applicable? (30d)				
39. Are the results, including the name of the event, date(s) of the event, total number of entries, dollar amount of entry fees, total prize pool, and the dollar amount paid for each winning category, of each contest/tournament recorded and available for patrons to review? (31)				
40. Is the name of each winner recorded and maintained, but not made available to the participants unless authorized by management personnel? (31)				
41. Do two employees, one of whom is independent of the collection of entry fees, reconcile the total amount of chips issued for the contest/tournament in exchange for entry fees to the final chip count at the end of the contest/tournament and is the reconciliation documented and signed by said employees? (31)				
42. For free tournaments (i.e., patron does not pay an entry fee), is the information required by MICS #31 recorded except for the number of entries, dollar amount of entry fees and total prize pool? (Note for 31)				
43. For contest/tournament prize pools where the amount of the pool is determined through patron contributions from card game pots, are the daily and total contributions included in the results documentation required in MICS #31? (32)				
44. Are the contest/tournament records required by MICS #'s 26 – 32, which are addressed above, maintained for each event? (33)				

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Computerized Player Tracking Systems				
<p>Note 1: Compliance with MICS #34 - #39 is only required for playing tracking systems that accumulate points that are subsequently redeemed by the patron for cash, merchandise, etc. They do not apply to player rating systems (i.e., the evaluation of a patron's play and the choice and/or dollar amount of complimentary provided to a patron are solely the result of an employee's judgment). (Note 1 before 34)</p> <p>Note 2: The term "point" or "points" is a generic term and refers to a representative of value awarded to a patron based on specific criterion established by the licensee. Commonly, points are earned by patrons placing wagers or purchasing room, food, beverage or entertainment admissions. Patron accounts in a player tracking system are used to track points earned/awarded to patrons. (Note 2 before 34)</p>				
45. Is the addition/deletion of points to player tracking accounts other than through an automated process related to actual play sufficiently documented (including substantiation of reasons for increases) and are they authorized/performed by supervisory personnel of the player tracking, promotions, or card games departments? (34) Verify by examination.				
46. Is the supervisory authorization described in the preceding question documented and randomly verified by accounting/audit personnel on a quarterly basis? (34)				
Note: The standard mentioned in the previous two questions does not apply to the deletion of points related to inactive or closed accounts through an automated process. (34)				
47. Are employees who redeem points for patrons precluded from having access to inactive or closed accounts without supervisory personnel authorization and is documentation of such access and approval created and maintained? (35)				
48. Is patron identification required when redeeming points without a player tracking card? (36)				
49. Are changes to the player tracking system parameters, such as point structures and employee access, performed in one of the following two methods:				

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a) Are they performed by supervisory employees independent of the card games department? (37) , or				
b) Are they performed by card games supervisory personnel if sufficient documentation is generated and the propriety of the changes is randomly verified by personnel independent of the card games department on a quarterly basis? (37)				
50. Are all other changes to the player tracking system appropriately documented? (38)				
51. Are the rules and policies for player tracking accounts including the awarding, redeeming and expiration of points prominently displayed or available for patron review at the licensed location? (39)				
<p><u>Accounting/Audit Procedures</u></p> <p>Note: For all accounting/auditing standards, if they are performed less frequently than required and/or the scope of the work is less than required, state the frequency and/or scope of the work that is performed. Additionally, if a MICS noncompliance issue is noted, specify the frequency and/or the scope of the work that is performed (i.e., if they perform a procedure, but not as often as they should, state how often they do it instead of just making a blanket statement that they don't do it monthly, quarterly, etc.).</p>				
<p>Review of documentation evidencing the performance of card games accounting/audit standards is required. Select the appropriate documentation to determine that all required procedures are being performed.</p>				
52. Is the card games audit conducted by someone independent of the card games operation? (40)				
53. On a daily basis, do auditing/accounting personnel reconcile the amount indicated on the progressive sign/meter to the cash counted or received by the cage and the payouts made for each promotional progressive pot and pool? (41)				
54. Is the reconciliation mentioned in the previous question sufficiently documented (including substantiation of differences, adjustments, etc.)? (41)				

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Questions	Yes	No	N/A	Comments, W/P Reference
55. For each day, are the following procedures performed by accounting/audit personnel using the master games summary prepared by the count team:				
a) Is the dollar amount of the drop proceeds on the master games summary reconciled to the dollar amount recorded in the applicable accountability document using, if applicable, the transfer forms indicating all transfers in/out of the count room, both during and at the end of the count and are any variances noted investigated and documented? (42a)				
b) Are the card game proceeds (all funds received by the licensee as compensation for conducting the game) recalculated in total and by shift? (42b) Note: For computerized master games summaries that total the count proceeds from each box, accounting personnel are to recalculate rake in total and by shift for one day each month, rather than daily. (42b)				
c) Is the correct total of card game proceeds on the master games summary verified to the amount recorded in the accounting records used to prepare the NGC tax returns. (42c)				
d) Are the signatures on the master games summary examined for propriety? (42d)				
56. Is a monthly card games recap report prepared which includes the daily and month-to-date card game gross revenue (per Regulation 6.110[4]) information used to prepare the NGC tax returns? (43)				
57. Do accounting accounting/audit personnel reconcile gross revenue from the monthly card games recap report and the general ledger to the NGC tax return each month, document and maintain the reconciliation, and are any variances, including the variance caused by the reduction of revenue on the NGC tax return due to an allowable tax deduction supported by inter-casino linked system reports, reviewed, documented and maintained? (44) For one month review the reconciliation to verify the proper completion of the reconciliation and to determine that the variance amount is accurate. Indicate the month/year reviewed and the results of the review.				

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<p>58. Monthly, do accounting/audit personnel review all payouts for the promotional progressive pots, pools, or other promotions to determine the proper accounting treatment and the proper gross revenue win/loss computation? (45)</p> <p>Note: For purposes of this standard, licensees are required to review any promotional progressive pots, pools or other promotions that occurred any time during the last month, not just any such events that occurred at the time of their review.</p>				
<p>59. Monthly, do accounting/audit personnel perform procedures (interviews, review of payout documentation, and/or observations) to ensure that the payouts for the promotional progressive pots, pools, or other promotions are conducted in accordance with the conditions provided to the patrons? (46)</p> <p>Note: For purposes of this standard, licensees are required to examine any promotional progressive pots, pools or other promotions that occurred any time during the last month, not just any such events that occurred at the time of their examination.</p>				
<p>60. Daily, do accounting/audit personnel reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document? (47)</p>				
<p>61. Is the following documentation maintained for all contests, tournaments, promotional payouts (including payouts from computerized player tracking activity), drawings, and giveaway programs:</p>				
<p>a) Copies of the information provided to the patrons describing the contests, tournaments, promotional payouts, drawings, and giveaway programs (e.g., brochures, fliers)? (48a)</p>				
<p>b) Effective dates? (48b)</p>				
<p>c) Accounting treatment, including general ledger accounts, if applicable? (48c)</p>				
<p>d) For tournaments and contests, the name of the organizations (or persons) registered pursuant to NRS 463.169 that conducted the contest/tournament on behalf of, or in conjunction with, the licensee, if any? (48d)</p>				

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e) The extent of responsibilities (including MICS compliance responsibilities) each organization and the licensee had in the contest/tournament (e.g., ABC nonprofit is to receive 100% of the entry fees and provide noncash prizes to the winners with the licensee collecting entry fees, dealing the tournament and distributing prizes to winners)? (48d)				
62. When payment is made to the winners of a contest/tournament, do accounting/audit personnel reconcile the contest/tournament entry fees collected to the actual contest/tournament payouts made? (49) Note 1: This reconciliation is to determine whether, based on the entry fees collected, the payouts made and the amounts withheld by the gaming establishment, if applicable, were distributed in accordance with the contest/tournament rules. (49) Note 2: This procedure is not required to be performed at the time the payments are made to the winners. It can be done at some point thereafter, but must be done at least monthly.				
63. For computerized player tracking systems, does an accounting/audit employee perform the following procedures at least one day per quarter:				
a) Review all point addition/deletion authorization documentation, other than for point additions/deletions made through an automated process, for propriety? (50a)				
b) Review exception reports including transfers between accounts? (50b)				
c) Review documentation related to access to inactive and closed accounts? (50c)				
64. At least annually, are the following procedures performed for computerized card games player tracking systems (in-house developed and vendor systems):				

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a) Are the systems reviewed by personnel independent of the individuals that set up or make changes to the system parameters to determine that the configuration parameters are accurate and that the configuration parameters have not been altered without appropriate management authorization (e.g., verify the accuracy of the awarding of points based on the dollar amount wagered)? (51)				
b) If possible, is the system tested to further verify the accuracy of the configuration parameters (e.g., to simulate activity to verify the accuracy for the amount of points awarded)? (51)				
c) Are the test results documented and maintained? (51)				
65. Is documentation (e.g., checklist, notation on reports, and tapes attached to original documents) maintained evidencing the performance of card games audit procedures, the exceptions noted and follow-up of all card games audit exceptions? (52) Verify by examination.				
66. Complete the CPA MICS Compliance Checklist for Information Technology – MICS #1 - #28				
<u>Written System of Internal Control</u>				
67. Has the licensee's written system of internal control for card games been re-read prior to responding to the following question?				
68. Does the written system of internal control for card games reflect the actual control procedures in effect for compliance with the MICS, variations from the minimum internal control standards approved pursuant to Regulation 6.090(8), and Regulation 14 associated equipment approvals? [Regulation 6.090(13)]				

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