

BINGO

VERSION ~~2~~ **3**

EFFECTIVE: ~~July 1, 2004~~ **January 1, 2009**

Draft: 2/6/09

Auditor's Name and Date

Internal Audit Compliance Checklist

**BINGO
WALK-THROUGH PROCEDURES**

Licensee: _____ Review Period: _____

NGC Regulation 6.090(15) requires the internal auditor to use guidelines, checklists and other “criteria established by the chairman” in determining whether a Group I licensee is in compliance with applicable statutes, regulations, and Minimum Internal Control Standards (MICS). The use of this checklist satisfies these requirements.

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 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 procedure is not applicable.** All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up.
- 3) “(#)” refers to the Minimum Internal Control Standards for Bingo, Version ~~5~~ **6** or to the applicable regulation/statute.

Scope:

This checklist must be completed once in each fiscal year.

MICS Variations and Regulation Waivers:

Obtain copies of MICS variation and regulation waiver requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment:

Determine if ~~field trial or final~~ approval has been received for all associated equipment used in the bingo department. For all unreported associated equipment, cite violations of **Regulation 14.290**. ~~If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter.~~ For “approved” associated equipment, ~~utilizing the final approval letter,~~ perform a walk-through of any ~~special requirements imposed~~ **additional controls** on the use of the associated equipment ~~including any additional controls~~ which were **may be** included in the written system of internal control.

Verified per representation

Verified per observation/examination

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Licensee: _____ Review Period: _____

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the workpaper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

Questions	Yes	No	N/A	Comments, W/P Reference
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary.				
2. Complete the CPA MICS Compliance Checklist for Bingo in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines" and Internal Audit Reporting Requirements "Guidelines". <u>Note: A CPA MICS Compliance Checklist for Bingo is also to be completed when bingo is offered as a free game to the public.</u>				

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Questions	Yes	No	N/A	Comments, W/P Reference
<p>Surveillance</p> <p>3. Is adequate video surveillance provided over the bingo area? Regulation 5.160(6) and Surveillance Standard #4</p>				
<p>Free Play and Promotional Items</p> <p>4. If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110</p>				
<p>In-house Progressive Payoff Schedules</p> <p>5. Scan progressive meter readings, including those offered in conjunction with a bingo tournament, contest or promotion, for the most recent two weeks and determine that:</p> <p>a) The base amount of each progressive payoff is recorded pursuant to Regulation 5.110(2) (the base amount should be recorded when first exposed for play and subsequent to each payoff).</p>				
<p>b) The amount of each progressive payoff schedule is recorded at least one time daily pursuant to Regulation 5.110(2).</p>				
<p>c) The payoff amount has increased since the prior recording [unless related to reasons allowed pursuant to Regulation 5.110(4),</p>				

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Questions	Yes	No	N/A	Comments, W/P Reference
Regulation 5.110(5) and (6)].				
d) The payoff amount on the progressive payoff schedule has not been decreased except as allowed by Regulation 5.110(5) . (Any reduction should be supported by appropriate documentation pursuant to Regulation 5.110(2) and 5.110(5), such as a notation of a payoff, a meter repair slip, etc.).				
e) Changes in the rate of progression are documented pursuant to Regulation 5.110(3) . If no changes are detected, inquire with licensee personnel to determine if they would document such changes.				
<u>Procedures Modified or Added</u>				

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**BINGO
TESTING PROCEDURES**

Licensee: _____ Review Period: _____

NGC Regulation 6.090(15) requires the internal auditor to use guidelines, checklists and other “criteria established by the chairman” in determining whether a Group I licensee is in compliance with applicable statutes, regulations, and Minimum Internal Control Standards (MICS). The use of this checklist satisfies these requirements.

Objectives:

To determine if controls for bingo are adequate to ensure bingo revenues are accurately stated in financial records and comply with the MICS.

Checklist Completion Notes:

- 1) Each step contains a parenthetical notation at the end of the step to designate the purpose of the step. Steps to ascertain compliance with a regulation or minimum standard will be followed by the appropriate regulation or standard. Steps to test the clerical accuracy of revenue will be followed by “Revenue.” Steps to determine whether assets were protected will be followed by “Asset Protection.”
- 2) The minimum standards quoted on this checklist are from Version ~~5~~ **6** of the standards. Licensees must be in compliance with these standards by ~~1/21/04~~ **1/1/09**.
- 3) Document the completion of the procedures listed below. All exceptions noted should be carried to the Audit Report/Summary of Findings for timely follow-up. Indicate the workpaper reference in which the exception has been carried forward to, as applicable, in the “Exception/Comment” column.

Scope:

Unless otherwise indicated, select 1 day per year. **Indicate Test Date:** _____

MICS Variations and Regulation Waivers:

Review the MICS variations and regulation waivers scheduled during the bingo walkthrough procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedures modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the “Walkthrough Procedures Checklist”.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

✓ - Step completed without exception

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**BINGO
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Licensee: _____ Review Period: _____

Test Date Selected:	Step completed without exception	Exception/Comment
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow-up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary.		
2. For one session, recalculate the total dollar amount of card sales as recorded on the session's bingo card sales report by comparing beginning and ending inventory and/or beginning and ending assigned transaction numbers for each type of card. (Revenue)		
3. For one session, foot the session's payout report to verify the recorded total dollar amount of payouts for the session. (Revenue)		
4. <u>Trace the session's card sales and payouts to the session amount on the bingo revenue summary.</u> Ensure that each session's win/loss is properly computed on the bingo session revenue summary by subtracting payouts from card sales (overages/shortages should not be included in the computation of win/loss, unless a subsequent adjustment is made to remove these from the calculation). (Revenue) Note: Win/loss must not include over/shorts.		
5. Foot the win/loss from each session and trace to to the daily total to on the daily bingo revenue summary report. (Revenue)		
6. Examine the bingo revenue summary session summary, daily bingo report and any other applicable documents, to ensure that any free play and promotional items were properly handled with respect to the computation of win/loss. (Revenue)		
7. Trace win/loss from the daily bingo report to the monthly revenue journal. (Revenue) Note: Win/loss must not include over/shorts.		

✓ - Step completed without exception

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Licensee: _____ Review Period: _____

Test Date Selected:	Step completed without exception	Exception/Comment
7. Trace the daily win/loss or cash turn-in (if applicable) on the daily bingo revenue summary report to the cage accountability or the cash summary sheets. (Asset Protection)		
8. For the month in which a test day was selected, foot the daily win/loss account amount in the monthly revenue journal bingo revenue summaries and trace the footed total to the month-to-date amount on the bingo revenue summary. (Revenue)		
9. For the month in the previous procedure, trace the month-to-date win/loss per the bingo revenue summary monthly revenue journal to the general ledger and monthly NGC tax return. Examine general ledger accounts for the propriety of any activity that affects reported revenue. (Revenue)		
10. For the monthly NGC tax return reviewed in the previous step, use the appropriate supporting documentation to verify other components of bingo on the NGC tax return (excluding no. of units).		
11. For the month in which a test day was selected, for one test day in which a contest/tournament was conducted, review the appropriate documentation to determine that entry fees and prize payouts do not have an effect on reported revenue. NRS 463.0161(2)(e) and NRS 463.0161(1) Note: If no contests/tournaments were offered in the month selected, then choose another month in which a contest/tournament was conducted. <u>When after reviewing other months and no such activity is noted, it is acceptable to indicate that there were no contest/tournament activity noted in the time periods reviewed and then also indicate the results of an inquiry of such activity.</u>		

✓ - Step completed without exception

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Test Date Selected:	Step completed without exception	Exception/Comment
<p>12. For computerized bingo systems, examine the system exception report for propriety of transactions and unusual occurrences. The review should include, but is not limited to, electronic bingo device malfunctions. changes to data or system parameters. (Asset Protection)</p> <p>Note: A system exception report documents when event data or system parameters are changed. This report may be titled with various names. This report documents data or parameters altered; data or parameter value prior to alteration; data or parameter value after alteration; date and time of alteration; and identification of user that performed alteration.</p>		
<p>13. For a computerized bingo system, at the application level, obtain the user accessing listing computerized systems, obtain the personnel access listing:</p>		
<p>a) For computerized systems that have group membership (group profile) profiles (job specific profiles), select five group profiles and determine whether the job functions (rights) assigned to the group profile are appropriate for the group. In addition, select one employee from each of the groups and determine whether the group profile is appropriate for the employee.</p>		
<p>b) For computerized systems that have individual profiles (profiles are customized for each employee), select ten employees, encompassing as many positions as possible, and determine whether the job functions (rights) assigned to each employee are appropriate for the employee.</p>		
<p>c) Verify that 5 terminated employees, which occurred during the review period, have been changed in the system from active to inactive status within 72 hours of termination.</p>		
<p>d) Verify that 5 active employees have changed their passwords within the last 90 days.</p>		

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Test Date Selected:	Step completed without exception	Exception/Comment
<u>Procedures Modified or Added</u>		

✓ - Step completed without exception