



JIM GIBBONS  
Governor

STATE OF NEVADA  
**GAMING CONTROL BOARD**

1919 College Parkway, P.O. Box 8003, Carson City, Nevada 89702  
555 E. Washington Ave., Suite 2600, Las Vegas, Nevada 89101  
3650 South Pointe Cir., P.O. Box 31109, Laughlin, Nevada 89028  
557 W. Silver St., Suite 207, Elko, Nevada 89801  
6980 Sierra Center Parkway, Suite 120, Reno, Nevada 89511  
750 Pilot Road, Suite H, Las Vegas, Nevada 89119

DENNIS K. NEILANDER, *Chairman*  
MARK A. CLAYTON, *Member*  
RANDALL E. SAYRE, *Member*

November 12, 2008

Las Vegas  
(702) 486-2000  
Fax: (702) 486-2045

**TO: ALL GROUP I NONRESTRICTED LICENSEES, GROUP I LICENSEES'  
CPA FIRMS AND INTERESTED PERSONS**

**RE: REVISIONS TO THE CPA MICS COMPLIANCE CHECKLISTS AND  
GUIDELINES**

On August 26, 2008 the Gaming Control Board notified all Group I Nonrestricted Licensees that the proposed Minimum Internal Control Standards (MICS) were to become effective on September 1, 2008 and that all licensees must be in compliance with these new requirements by January 1, 2009. Due to the adoption of the updated versions of the MICS, the "CPA MICS Compliance Checklists" have been revised to reflect these MICS. These revised checklists will be used by the CPAs and the Group I nonrestricted licensees' internal auditors in performing procedures pursuant to Regulations 6.090(9) and 6.090(15).

The proposed revisions to the CPA MICS Compliance Checklists and Guidelines can be obtained from the Board's website at <http://gaming.nv.gov/>, or a printed copy can be obtained at either the Reno or Las Vegas Audit Division offices beginning on November 19, 2008. The proposed changes to the existing Guidelines are denoted with lines through the deletions and the underlining/bolding of the additions. The significant changes made to the CPA Guidelines and Checklists are summarized as follows:

**CPA Agreed-Upon Procedures**

1. Page 1 - In the "Objectives" section, the required procedures for Regulation 6.105 engagements are addressed.
2. Page 2 - In the "CPA Agreed-Upon Procedures" section, for item #1, a CPA performing the initial review of the licensee's entire written system of

internal control will be allowed to review only amendments to the system during subsequent annual internal control system reviews.

3. Pages 2 and 3 - In the "CPA Agreed-Upon Procedures" section, for item #2, the CPA will use the table which cross references each MICS to the page number of the written system of internal control to ensure all applicable MICS have been addressed. Additionally, the CPA will review the detailed controls and procedures described in the written system of internal control to determine whether the required controls and procedures specified in the MICS were included in the system.
4. Page 3 - In the "CPA Agreed-Upon Procedures" section, for item #3, the CPA MICS compliance walk-through for slots and table games is to be performed by both the CPA and internal auditor once during the licensee's business year, but not in the same six-month period.
5. Page 6 - In the "CPA Agreed-Upon Procedures" section, for item #4, the "CPA MICS Compliance Checklist - Internal Audit" is completed once not twice during the licensee's business year.
6. Page 6 - In the "CPA Agreed-Upon Procedures" section, for item #5, the CPA may elect to perform less frequent reviews of certain areas subject to entertainment tax. For areas with annual live entertainment revenue of less than \$5,000, a CPA is not required to complete a CPA MICS Compliance Checklist for entertainment. A CPA MICS Compliance Checklist for entertainment is allowed to be completed once every two years (instead of annually) for entertainment areas generating annual live entertainment revenue of less than 3% of total annual reported entertainment revenue.

### **Utilizing Internal Audit to Substitute for CPA Work**

1. Page 11 - In the "CPA Compliance Procedures That May Be Performed by Internal Audit" section, it is clarified that the CPA does not complete the CPA MICS Compliance Checklist for slots and table games when internal audit is utilized. The internal auditor will complete the CPA MICS Compliance Checklist - Limited Procedures for one six-month period, and the CPA MICS Compliance Checklist – All Procedures for the other six-month period of the licensee's business year. A new checklist entitled "CPA MICS Compliance Checklist - Limited Procedures" has been prepared for slots and for table games.
2. Page 11 - In the "Board Approval Process – Licensee's Election to Utilize Internal Audit to Substitute for CPA Work" section, the various options

available to the licensee regarding who may perform the internal audit work are listed, and each available option is discussed in detail.

3. Page 13 - In the "Internal Audit Department Criteria Satisfied" section, for item #2c, a "Note" was added to define "original document" as used by the CPA for reperformance procedures.
4. Page 14 - In the "Report Submission" section, the CPA's Report on Applying Agreed-Upon Procedures is now required to be submitted to the Board no later than 150 days, rather than 120 days, following the beginning of the year under audit.
5. Pages 18 through 20 - Flowcharts have been added to summarize and illustrate the CPA's procedures when utilizing internal audit to substitute for CPA work.

### **Checklists**

1. As previously discussed, a new CPA MICS Compliance Checklist - Limited Procedures for slots and table games has been prepared.
2. Two CPA MICS Compliance Checklists have been prepared for the Information Technology (IT) MICS. One checklist addresses procedures for IT MICS #1-#28 (IT MICS procedures to be addressed in each applicable section of the licensee's written system of internal control) and the other checklist addresses procedures for IT MICS #29-#55 (IT MICS procedures for the IT department section of the licensee's internal control system).
3. The CPA MICS Compliance Checklists for IT include new checklist completion notes addressing:
  - a. When the checklist is not required to be completed for an entertainment tax related application and a pari-mutuel system;
  - b. The use of the work of an IT specialist; and
  - c. The completion of the CPA MICS Compliance Checklist for multiple affiliated licensees sharing one system maintained by one of the licensees.

To expedite the final release of these CPA MICS Compliance Checklists and Guidelines, the Board is requesting written comments from the industry on the proposed changes rather than holding public meetings to take comments. The Board should receive written comments no later than November 26, 2008.

Should you wish to submit written comments regarding these revisions by e-mail, the address is [sspringer@gcb.nv.gov](mailto:sspringer@gcb.nv.gov). Alternatively, comments may be mailed to the following address:

State Gaming Control Board  
Audit Division  
555 East Washington Avenue, Suite 2600  
Las Vegas, Nevada 89101

It is anticipated the final version of the CPA MICS Compliance Checklists will be adopted in mid-December 2008. Please be advised that the Board's Internal Audit Compliance Checklists and Guidelines and the CPA MICS Compliance Checklist for internal audit are also being updated, and will be released for industry comments at a later date.

Due to the ongoing nature of the revision process, it is recommended that you periodically check the Board's website for new developments and information. Please call Audit Manager Shirley Springer at (702) 486-2060 if you have any questions.

Sincerely,

Mark A. Clayton  
Board Member

MAC/SS

cc: Dennis K. Neilander, Board Chairman  
Randall E. Sayre, Board Member  
Audit Division – Las Vegas  
Audit Division – Reno  
Records and Research Services