

Internal Audit Compliance Checklist**MISCELLANEOUS REGULATIONS
TESTING PROCEDURES**

Licensee: _____ Review Period: _____

NGC Regulation 6.090(15) requires the internal auditor to use guidelines, checklists and other "criteria established by the Chair" 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.

Preparation:

Obtain the most recent Board issued "List of Denials, Revocations, and Findings of Unsuitability" available on the Board's website. Be cognizant of these individuals in the performance of the various testing procedures. Agreements or contracts with these individuals are prohibited pursuant to **NRS 463.165**, unless prior Nevada Gaming Commission approval was received.

Checklist Completion Notes:

- 1) Unless otherwise instructed, examine a completed document of the licensee for compliance for those questions referring to records/documentation as indicated and recalculate where appropriate. Only those documents of the operating licensee need be examined/reviewed. 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 regulation waiver or the question requires a "no" answer for acceptability. All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up.

Scope:

See individual procedures.

Procedures	Step completed without exception	Exception/Comment
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the NGCB 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.		
Individual Licensing and Registration		
2. Perform the following verification procedures: a) For corporations, determine that all officers and directors have been properly licensed or have filed for licensure pursuant to NRS 463.530 and NRS 463.540.		

✓ - Step completed without exception

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b) For partnerships, determine that all partners have been licensed or have filed for licensure pursuant to NRS 463.569 .		
c) For limited-liability companies, determine that all members have been licensed or have filed for licensure pursuant to NRS 463.5735 .		
Regulation 5.013 Gaming by, and Issuance of Gaming Credit to, Owners, Directors, Officers, and Employees 3. Obtain the current customer deposit, wagering accounts and casino accounts receivable listings. Also obtain the names of key employees (e.g. officers, directors, partners, members, managers) as noted in the prior step. Select a sample of 10% or 10 of these employees, whichever is greater. Review the customer deposit, wagering accounts, and casino accounts receivable listings for the names of employees for the sample selected. Any customer deposit, casino account receivable, or wagering account for such individuals are reviewed to ensure that no play or placement of a wager occurred pursuant to Regulation 5.013(1) and for the propriety of the transaction.		

✓ - Step completed without exception

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4. Obtain a list of the current cage department employees from the Human Resources Department and select a sample of 10% or 10 cage department employees, whichever is greater. Review the listings obtained in the previous step for the sample of cage department employees selected. Any casino accounts receivable, wagering account or customer deposit for such individuals are reviewed for the propriety of the transaction. (Asset Protection)		
5. For one day, review the player tracking records, W2-G's, and book wagering reports for gaming winnings paid to officers, directors, owners, and key employees. Regulation 5.013		
6. For one day, review disbursements made by the cage department to officers, directors, owners, and key employees for gaming winnings. Regulation 5.013		
Regulation 5.105 Duties of Licensee 7. For five individuals on the current system of records, determine that an application for employment was received prior to accessing the NGCB system of records. Regulation 5.105(2) Indicate the names of the five individuals reviewed and the date the employment application was received. Note: A record of the date the application is received is adequate documentation in supporting that an application for employment was received prior to accessing the NGCB system of records. The date the NGCB system of records is actually accessed is not required to be documented.		

✓ - Step completed without exception

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8. For the most recent calendar quarter determine the following:		
a) That the proper information for each terminated employee was entered into the Board's online gaming employee registration system by the specified day pursuant to Regulation 5.105(8) .		
b) For those persons required to register pursuant to Regulation 5.320, does such entry include a truthful statement of the reason(s) for each termination or resignation and any additional information regarding the termination or resignation as may be requested by the Chair? Regulation 5.105(8)		
9. Review the human resources files and select five gaming employees currently employed and five terminated employees to determine whether a photo of the gaming employee is being maintained. Regulation 5.105(9) Indicate the names of the gaming employees selected and status of employment.		
10. Do the photos of the gaming employees reviewed in the previous step meet the requirements of Regulation 5.105(9) ?		

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Regulation 5.160 Surveillance System		
11. Obtain a copy of the current surveillance system plan and determine that the plan and any amendments to the plan:		
a) Have been submitted to the Board. Verify by reviewing approval communication from the Board's Enforcement Division or by contacting the Board's Enforcement Division.		
b) Determine that procedures are in effect to fulfill the requirements of the plan. Verify by observation		
Regulations 6.040 and 6.060 Accounting Records and Retention		
12. For all records of all transactions pertaining to revenue that is taxable or subject to fees under chapters 463 and 464 of the NRS and for all records required to be maintained by Regulation 6:		
a) Review procedures for document storage, retrieval, return and destruction.		
b) Perform an observation of storage facilities to determine adequacy of controls.		
c) If computerized storage, determine that files are properly indexed by casino department and date.		

✓ - Step completed without exception

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Regulation 6.050 Records of Ownership 13. Determine the location and availability of the corporate, partnership or sole proprietorship (as applicable) records of ownership identified in Regulation 6.050 .		
Regulation 6.110(2) Hopper Load Adjustments 14. For the period under review, verify compliance with Regulation 6.110(2) for hopper load adjustments. Perform procedures to ensure the general ledger is properly adjusted and revenue is properly reported. Document the results of the findings. Regulation 6.110(2) .		
Regulation 6.150 Minimum Bankroll 15. Verify compliance with Regulation 6.150 by calculating available bankroll and comparing this figure to the minimum bankroll requirements; and comparing the results to the monthly computations of bankroll requirements and actual bankroll available required pursuant to Regulation 6.150.		

✓ - Step completed without exception

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Regulation 8.130 Transaction Reports		
16. Review the following documents for transactions which may be reportable pursuant to Regulation 8.130. For those items determined to be reportable, trace to filings. Unless otherwise specified, documents generated during the fiscal year should be reviewed. a) Review loan, lease and contract agreements including lines of credit. Note: In conjunction with this review, be on the alert for finder's fees. Payment of finder's fees requires prior Nevada Gaming Commission approval pursuant to Regulation 5.120. Scope: Review all <u>new</u> loan, lease and contract agreements executed since the last review of these files.		
b) Review transactions greater than \$100,000 in the disbursements journal for a minimum of two months during the fiscal year. Transactions which may be reportable pursuant to Regulation 8.130 include: 1) Leases and capital leases. 2) Installment purchase contracts. 3) Loans, mortgages and trust deeds. 4) Accounts payable and accrued expenses due to unaffiliated persons where the payment terms or actual length of payments exceed 12 months. Note: For disbursements which involve dividend payments to owners or distributions to non-owners/key employees, determine compliance with NRS 463.160(1)(d).		

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c) Review records of receipt such as the cash receipts journal and cage accountability documents for a minimum of two months during the fiscal year. Transactions which may be reportable pursuant to Regulation 8.130 include: 1) Tenant deposits. 2) Capital contributions and loans by a person who is a stockholder, partner or proprietor of the company. Note: Be aware of payments by bonding companies for losses as a result of employee embezzlement or fraud, or payments from employees making restitution for cases of theft, fraud or embezzlement. For any entries related to embezzlements, review the associated security reports and ensure that the incidents were properly reported to the Board and any recovered monies were included in gross gaming revenue, if appropriate.		
d) Review safekeeping deposits for a minimum of one month during the fiscal year. Deposits which may be reportable pursuant to Regulation 8.130 are those made by an individual owning, directly or indirectly, 10% or greater interest in the company; commingled with company funds; left for more than 10 days; and aggregate to an amount greater than 25% of cash in the cage.		

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e) Review asset and liability accounts. Transactions which may be reportable pursuant to Regulation 8.130 include: 1) Property donated. 2) Conversions of accounts payable, accrued expenses or other liabilities to notes payable. 3) Debts forgiven by a lender. 4) Accruals of salary due to an individual directly or indirectly owning an interest in the company where the accrual period exceeds 90 days. Scope: Review the general ledger for a minimum of two months during the fiscal year.		
Regulation 12.070 Redemption and Disposal of Discontinued Chips and Tokens 17. Determine compliance with Regulation 12.070 for any chips or tokens which were discontinued during the previous fiscal year.		

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Regulation 14.030 Approval of gaming devices and the operation of new inter-casino linked systems; applications and procedures. Regulation 14.110 Approval to modify gaming devices; applications and procedures. 18. Determine that proper approval has been received pursuant to Regulation 14.030 to operate an inter-casino linked system or received prior approval for system modifications pursuant to Regulation 14.110 .		
License Conditions 19. Determine compliance with any and all license conditions and commission orders. Note 1: License conditions are included on form NGC-9. Note 2: These commission orders may be obtained from the Corporate Securities Section of the Investigations Division in Carson City, which are typically related only to publicly traded corporations.		
Regulation 5.045 Compliance Review and Reporting System 20. If the licensee is required to maintain a compliance review and reporting system:		
a) Determine that the plan has been approved by the NGCB or otherwise ordered by the Commission.		
b) Determine that the procedures are being implemented to fulfill the requirements of the plan.		

✓ - Step completed without exception

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c) Determine if persons with primary responsibility for oversight of the licensee's anti-money laundering and player development programs have been designated by the licensee.		
d) Determine if the licensee is in compliance with Regulation 5.045(7).		
Regulation 5.046 Licensing of Person Responsible for Compliance		
21. Determine if the licensee has designated a person who is responsible for the licensee's overall compliance strategy and compliance framework.		
22. Determine if the licensee is in compliance with Regulation 5.046.		
Regulation 5.047 Business Entity Funding		
23. Determine if the licensee has taken all reasonable steps to ensure that no business entity directly funds the following patron wagering activities: a) deposits into a patron's front money, safekeeping, or wagering account, b) payments on casino credit extended to a patron, or c) issuance of cash or wagering instrument to a patron?		
Internet		
24. Review the company's website for regulatory and statutory noncompliance. Regulation 5.011 and NRS 465.091 to 465.094		

✓ - Step completed without exception

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Regulation 5.050 Information to be furnished by licensees 25. Through review and examination of applicable documentation and inquiries of personnel, determine that an annual report was submitted to the Board detailing the full name and address of every person, including lending agencies, who has, or had during the previous 12 months, any right to share in the profits of such licensed games (including slot machines), whether as an owner, assignee, landlord or otherwise, or to whom any interest or share in the profits of any licensed game has been pledged or hypothecated as a security for a debt or deposited as security for the performance of any act to secure the performance of a contract sale. Regulation 5.050		
Regulation 5.055 Gaming employees separated for failure to comply with anti-money laundering policies and procedures 26. Determine if any gaming employees have been separated from employment due to an intentional or willful violation of the licensee's anti-money laundering policies.		
27. Determine if the instances noted in the above question were reported to the NGCB within ten business days of the separation?		
<u>Procedures Modified or Added:</u>		

✓ - Step completed without exception