

NGC REGULATION 6.090 WRITTEN SYSTEM OF INTERNAL CONTROL POLICIES

NGC Regulation 6.090 “Internal control for Group I licensees” requires each licensee to establish administrative and accounting procedures for the purpose of determining the licensee’s liability for gaming taxes and fees under chapters 463 and 464 of the Nevada Revised Statutes and for the purpose of exercising effective control over the licensee’s internal fiscal affairs.

The Nevada Gaming Control Board (“Board”) has adopted Minimum Internal Control Standards (“MICS”) pursuant to NGC Regulation 6.090 as the minimum requirements for internal controls over gaming operations. It is the licensee’s responsibility to read and review the MICS in order to prepare a written system of internal control delineating detailed operating procedures that comply with the MICS. All applicants for a Group I license are required to submit an entire written system of internal control during the application process. All current Group I licensees are required to maintain a copy of the written system of internal control and provide it to the Board upon request. Additionally, the licensee is to ensure that their employees are trained to comply with the MICS in conducting their daily gaming operations. The MICS are available on the Board’s website at gaming.nv.gov.

Preparation of a Written System of Internal Control

The written system of internal control, pursuant to NGC Regulation 6.090, must include the following:

1. An organizational chart depicting segregation of functions and responsibilities.
2. A description of the duties and responsibilities of each position shown on the organizational chart.
3. An organizational chart depicting the ownership structure.
4. A detailed, narrative description of the administrative and accounting procedures in effect that demonstrates compliance with the MICS. As applicable, the detailed, narrative description of procedures include the job titles of personnel involved, the procedure(s) performed by the individual(s), when the procedure is performed, how the procedure is performed, and where the procedure is performed. A written system of internal control that simply reiterates the MICS is not adequate.
5. MICS variations granted and being used must be specifically addressed in the body of the written system of internal control including the date the variation was granted by the Board. If the variation was granted conditioned upon the alternative and/or additional procedures, the written system of internal control must specifically address the procedures. Within the body of the written system of internal control, include a reference to the applicable MICS numbers. This reference will provide a method to clarify which MICS the internal control procedures are addressing.

6. A table that cross references each MICS to the page number(s), and, if applicable paragraph number(s), within the system where the MICS is addressed. This reference provides a method to ensure that internal control procedures have been included for all applicable MICS. Any MICS that is not applicable to the licensee's gaming operation must be so indicated, along with the reason the MICS is not applicable.
7. Each revenue section (e.g., slots, table games, etc.) should be addressed separately.
8. The Information Technology ("IT") MICS should be addressed in a separate section and not within each revenue section.
9. In addition to procedures demonstrating compliance with the MICS, include any other internal control procedures in effect that are unique to the gaming operation. The written system of internal control should provide an accurate reflection of internal procedures in effect for the gaming operation.

The written system of internal control should be formatted to include the following:

1. Table of contents
2. Cover page for each section that reflects the effective date of the section of written system of internal control.
3. Each page of the written system of internal control should include a header and/or footer that indicates:
 - a. The licensee's name (in header),
 - b. Section name (in header),
 - c. Page number (in footer),
 - d. Effective date of the section of written system of internal control (in footer)

Note: Many of the MICS specifically require that an employee "independent of the ... department" perform a procedure and certain information be "delineated within the ... section of the written system of internal control..." or "procedures are developed and implemented to..." In such cases the written system of internal control should state who (position title) is the "independent" employee and the required information.

Note: The written system of internal control does not need to address the licensee's NGC Regulation 5.170 program for problem gambling or the licensee's federal Bank Secrecy Act regulation program for currency transaction reporting.

Amendments to the Written System of Internal Control

Amendments to the written system of internal control are made either pursuant to NGC Regulation 6.090(10) or as annual amendments pursuant to NGC Regulation 6.090(11).

Amendments to the written system of internal control should be immediately made, pursuant to NGC Regulation 6.090(10), prior to adding or eliminating a counter game, eliminating all table games, adding a table game at an establishment not offering table games, or adding any associated equipment. Immediate amendments should also be made for changes to critical control areas (e.g., change in key control procedures, beginning to offer pit markers, etc.).

NGC Regulation 6.090(11) requires licensees to annually make amendments to its internal control system that do not affect compliance with the MICS or were not previously amended pursuant to Regulation 6.090(10). In other words, if a control procedure was changed to a non-critical control area but the changed procedure still complied with the MICS, the related amendment would be made to the written system of internal control. However, this change would be made with the annual amendment. If no changes have been made to a system, a written representation that no changes have been made is unnecessary. For this requirement, the date of annual amendment is determined at the discretion of the licensee. Once the annual date is determined, any amendments, if any, are made on the annual date every 12 months thereafter.

MICS Variations

The licensee may only implement internal control procedures that do not satisfy the MICS if a variation is granted by the Board Chairman, in writing, as allowed by NGC Regulation 6.090(8). Upon receiving written approval for a MICS variation from the Board, an amendment is made to the written system of internal control. As stated previously, a variation granted and being used by a licensee must be specifically addressed in the body of the written system of internal control including the date the variation was granted by the Board and, if any, the required alternative and/or additional procedures.

When new MICS are adopted, licensees who have received variations from previous versions of the MICS should compare those variations to the current MICS to determine if the standard number changed, or in some instances, the standard was eliminated or revised. If the MICS have been revised to include the conditions of the variation previously granted, the variation is considered moot and compliance with the current MICS is required. Further, if the standard for which a variation had previously been granted has been revised to include additional procedures, the variation does not extend to the new requirements. Otherwise, all variations previously granted are still in effect, unless specifically notified by the Board. Additionally, all associated equipment approvals granted by the Board in the past that refer to procedures in specific versions of the MICS should now be applied to the current version.