

Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

ENTERTAINMENT

Licensee _____ Review Period _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the Chair" 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 entertainment operation is in compliance with the Entertainment 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 adequate alternative procedures exist (i.e., approval of alternative procedure granted by the Board Chair, including computerized applications) 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 Entertainment, Version 9. The Entertainment MICS also include Notes #1 - #6.

Questions	Yes	No	N/A	Comments, W/P Reference
1. Has the licensee's written system of internal control for entertainment been read prior to the completion of this checklist to obtain an understanding of the licensee's entertainment operation and does the system of internal control delineate the procedures as may be required by any of the Entertainment Notes #1 - #6?				

Verified per representation.
Verified per observation/examination.

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<u>Admission Charges Controls</u> Note 1: MICS #1 through #9, which are addressed by the questions in this heading, apply to all admission charges in areas subject to entertainment tax. (Note 1 before 1) Note 2: A computerized point of sale system or a cash register with an internal tape must be used to comply with these MICS. A manually prepared log does not meet the intent of these MICS. (Note 2 before 1)				
1. Are all admission charges recorded at the time of sale in such a manner as to be readily identifiable by individual charge including date and time, in total, and by area for applicable periods of entertainment status? (1) Describe how.				
2. For charges recorded in a computerized point-of-sale (P.O.S.) system, is the transaction number also recorded for each individual charge? (1) Verify by examination. Note: MICS #1 is applicable to all admission charges, including those made through the internet. (1, Note)				
<u>Package Programs and Discount Admission Tickets</u> Note: Any package program or discount admission ticket that includes an item subject to entertainment tax is subject to MICS #10. (Note before 10)				
3. If package programs and/or discount admission tickets are used, is the following documentation maintained: Verify by examination.				
a) Copies of the description of the package programs offered (if not documented in a flyer), discount admission tickets and related flyers or other materials which were available to the public? (10a)				
b) A price breakdown for all package programs as follows:				
i) The actual price paid for the package? (10b1)				
ii) A list of the components offered in the package? (10b2)				

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iii) Either a prorated price breakdown as specified in NAC 368A.450(5) which allocates the package price to the various components of the package (a reasonable monthly estimate/average of the retail value of all components will be acceptable), or a statement that for all entertainment components of a package, the admission charges are equal to the full retail value of such components? (10b3) Indicate which method is used.				
iv) The actual amount (per entertainment component and for the entire package) included in admission charges? (10b4)				
v) The effective dates of the package program? (10b5)				
c) A price breakdown is prepared for all discount admission tickets, including the amount received and retained by the licensee, the actual amount (per ticket) included in admission charges and the effective dates of the discount admission tickets? (10c)				
d) The number of packages and discount admission tickets sold by type? (10d)				
<u>Accounting/Audit Standards</u>				
Review of documentation evidencing the performance of entertainment accounting/audit standards is required. Select the appropriate documentation to determine that all required procedures are being performed.				
4. Are schedules documented and maintained for each venue? (18)				
5. Monthly, are entertainment contracts, if used, and entertainment schedules reviewed and reconciled to the periods during which admission charges are made? (18) Note: A reconciliation is not necessary for locations with a consistent and routine showroom/lounge entertainment schedule which is documented and retained. (18, Note)				

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<u>Entertainment Area Evaluation</u>				
<p>6. Quarterly, do accounting/audit personnel observe all public areas of the licensed gaming establishment (including any facility operated by another person or entity) at times when entertainment is likely to occur, determine what areas are subject to entertainment tax, and confirm that such areas are reporting taxable admission charges as entertainment revenue? (21)</p> <p>Note 1: The observations should include areas such as convention facilities, meeting rooms, restaurants, outdoor, and temporary facilities that have admission charges. The observations of these areas can be performed through recorded or live surveillance. (21, Note 1)</p> <p>Note 2: Observations are not required to be performed for entertainment venues where all admission charges are reported as entertainment revenue. However, the "Entertainment Area Evaluation Form" must still be completed for these venues. (21, Note 2)</p>				
<p>7. Are the observations in the preceding question documented to include the date, time, and areas of the gaming establishment observed along with the determination as to whether or not the area is subject to entertainment tax along with the reasoning for the determination? (21)</p> <p>Note: The use of the "Entertainment Area Evaluation Form," which is available on the Board's website, is required for compliance with the MICS mentioned in the preceding two questions. (21, Note 3)</p>				
8. Is a monthly entertainment recap report prepared which includes the daily and month-to-date entertainment revenue, daily and/or monthly supporting deductions, exclusions, and adjustments, and taxable entertainment revenue? (23)				
9. Does the report mentioned in the previous question include, at a minimum, the following: Verify by examination.				
a) Complimentaries and complimentaries associated with hotel folios? (23a)				
b) Credit/debit card fees and ticket service provider fees? (23b)				
c) Package programs and discount admission tickets? (23c)				

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<p>10. Do accounting/audit personnel verify that, for new package programs and discount admission tickets and for changes affecting these items, the breakdowns are in compliance with MICS #10 and NAC 368A.450(5) and that the breakdowns are prepared correctly, including when elements and retail values change? (24)</p> <p>Note: MICS #24 applies only to licensee that elect to pay entertainment tax on prorated, rather than retail, amounts. (24, Note)</p>				
<p>11. Do accounting/audit personnel verify that the package program and discount admission ticket entertainment revenue is properly computed and included in reported admission charges on the monthly summary? (25)</p> <p>Note: The amount of admission charges from a prorated package program is equal to the number of packages sold times the prorated amount of the entertainment components of the package. (25, Note)</p>				
<p>12. Monthly, do accounting/audit personnel reconcile entertainment taxable revenue from the general ledger and the monthly entertainment recap report to the monthly NGC tax returns, is this reconciliation documented and maintained and are all variances reviewed, documented, and maintained? (31) 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.</p>				
<u>Written System of Internal Control</u>				
<p>13. Has the licensee's written system of internal control for entertainment been re-read prior to responding to the following question?</p>				
<p>14. Does the written system of internal control for entertainment 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)]</p>				

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Verified per observation/examination.