

## Nevada Gaming Control Board

## CPA MICS Compliance Reporting Requirements

## UTILIZATION OF INTERNAL AUDIT

Licensee \_\_\_\_\_ Review Period \_\_\_\_\_

Indicate the person(s) performing the Internal Audit function for the period under review: \_\_\_\_\_

Date of Inquiry	Person Interviewed	Position

Checklist Completion Notes:

- As indicated in the "Guidelines" section of the "CPA MICS Compliance Reporting Requirements", the completion of this checklist is required. The agreed-upon procedures contained herein are being completed to assist the licensee's Audit Committee, if applicable, or Senior Management/Owners in evaluating management's written assertion regarding the internal audit department's compliance with the criteria included in the Guidelines section entitled "Utilize Internal Audit to Substitute for CPA Work".
- All "no" answers require referencing and/or comment. Any "no" response may result in the Board rejecting the licensee's request to Utilize Internal Audit to Substitute for CPA Work.

Questions	Yes	No	Comments, W/P Reference
<b><u>Internal Audit Department Criteria</u></b>			
1. Does the internal audit department report directly to the audit committee, if applicable, or to senior management/ownership personnel who are independent of the departments under review? <b>Indicate to whom the internal audit department reports.</b>			
2. Has the licensee's representation that senior management/ownership have demonstrated their commitment in making compliance with internal controls a central part of the operation been obtained?			
3. Are internal audit findings properly communicated to the appropriate employees of the gaming operation?			
4. Is the individual who is directly responsible for supervising and managing the internal audit function a CIA or CPA with a minimum of two years auditing experience?  <b>Note: Procedure is not applicable to a Nevada CPA performing the internal audit procedures required by Regulation 6.090(15).</b>			

Verified per representation.

Verified per observation/examination.

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Questions	Yes	No	Comments, W/P Reference
5. Does 50% of the internal audit staff, assigned to perform the required procedures pursuant to Regulation 6.090(15), possess a four-year degree or an advanced degree in accounting, finance, hotel administration or in any other business-related field; or possess any other four-year degree and is a CPA, CIA, CFE or CMA?  <b>Note: Procedure is not applicable to a Nevada CPA performing the internal audit procedures required by Regulation 6.090(15).</b>			
6. Does the internal audit department perform observations, document examinations and inquiries of employees to determine compliance with applicable statutes, regulations, and minimum internal control standards?			
7. Do the internal audit department workpapers include checklists, programs and guidelines published by the Board and document the work performed, the conclusions reached, and the resolution of all exceptions?			
<b><u>Evaluation of the Internal Audit Department</u></b>			
8. Does the internal audit department have policies that prevent auditors from auditing areas where relatives are employed in important or audit-sensitive positions?			
9. Does the internal audit department have policies that prevent auditors from auditing areas where they were recently assigned or are scheduled to be assigned?			
10. Has internal audit completed the following checklists: <b>Indicate the "review period(s)" of the checklist examined.</b>  <b>Note: For Interactive Gaming, this checklist should be completed for the licensee who reports gross gaming revenue received from the operation of interactive gaming.</b>  <b>Note: Indicate two review periods if the checklist is required to be completed during each six-month period.</b>			
a. Interactive Gaming – Information Technology for Interactive Gaming			

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Verified per observation/examination.

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Questions	Yes	No	Comments, W/P Reference
b. Interactive Gaming – General Walk-Through			
c. Slots – General Walk-Through – All Procedures			
d. Slots – General Walk-Through – Limited Procedures			
e. Slots – On-Line Slot Metering Systems			
f. Slots – Coin Drop and Count Observation			
g. Slots – Currency Acceptor Drop and Count Observation			
h. Slots – Key Controls			
i. Table Games – General Walk-Through – All Procedures			
j. Table Games – General Walkthrough – Limited Procedures			
k. Table Games – Marker Credit Play			
l. Table Games – Soft Drop and Count Observation			
m. Table Games - Key Controls			
n. Card Games			
o. Keno			
p. Bingo			
q. Race and Sports			
r. Pari-Mutuel			
s. Entertainment			
t. Cage and Credit			

Verified per representation.

Verified per observation/examination.

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Questions	Yes	No	Comments, W/P Reference
u. Information Technology – MICS #1 - #68			
11. Have all instances of non-compliance noted by internal audit in the checklists listed in step 10 (regardless of materiality) been included in the internal audit reports to the audit committee, if applicable, and senior management/owners and to the Gaming Control Board?			
12. Is there evidence that internal audit reported internal control deficiencies to casino personnel in the department in which the instance of noncompliance was noted?			
13. Do internal audit supervisory personnel indicate in the internal audit workpapers through a formal sign-off that the work of staff internal auditors has been reviewed as evidenced by supervisory personnel sign-offs? <b>Indicate the level(s) of review performed.</b>			
<b><u>Evaluation of Internal Audit Department's Workpapers</u></b>  <b>Note: A "No" response only applies when the internal auditor has consistently not complied with the workpaper documentation instructions provided in the Internal Audit Guidelines.</b>			
14. Has an explanation been provided for "no" and "N/A" responses?			
15. Do the checklists and/or back-up workpapers include documentation of the original document examined?  <b>Note: An original document is the document maintained pursuant to Regulation 6.060 which may be an original document printed or stored electronically as approved by the Board. Copies of original documents maintained with internal audit workpapers (e.g., Xerox copies, scanned original documents, PDF or other imaged files) are not acceptable for reperformance testing.</b>			
16. The exceptions noted by an internal auditor are to be investigated and resolved with the results being documented. When internal audit investigates exceptions, is documentation provided indicating the names of individuals and job titles with whom inquiries were made and how the investigation was conducted?			

Verified per representation.

Verified per observation/examination.