

Internal Audit Compliance Checklist

SLOTS
WALKTHROUGH 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.

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 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 Chair has granted a MICS variation or the question requires a "no" answer for acceptability. All "N/A" answers require referencing and/or comment, as to the reason the procedure is not applicable. All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up.
- 3) "(#)" refers to the Minimum Internal Control Standards for Slots, Version 9 or to the applicable regulation/statute.
- 4) Procedures for wagering accounts are addressed in both the Slots and Cage and Credit Internal Audit Compliance Checklists and should be modified and performed, as applicable.
- 5) For licensees utilizing wagering accounts, procedures to be performed for reserve requirements are addressed in the Cage and Credit Internal Audit Compliance Walkthrough Checklist. Modify procedures as necessary.

Scope:

This checklist must be completed once in each fiscal six-month period.

MICS Variations and Regulation Waivers:

Obtain copies of MICS variation and regulation waiver requests and NGCB correspondence regarding such requests from appropriate personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment:

Determine if approval has been received for all associated equipment used in the slots department. For all unreported associated equipment, cite violations of **Regulation 14.260**. For associated equipment, perform a walk-through of any additional controls on the use of the associated equipment which may be included in the written system of internal control.

Verified per representation

Verified per observation/examination

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Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled and reviewed **once in each fiscal year**. Refer to the workpaper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

Questions	Yes	No	N/A	Comments, W/P Reference
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.				
2. Complete the CPA MICS Compliance Checklist for Slots - General Walk-through in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines" and Internal Audit Reporting Requirements "Guidelines".				
3. Review all theoretical holds in the most recent slot analysis report. Are all theoretical hold percentages less than or equal to 25%? Regulation 14.040				

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Questions	Yes	No	N/A	Comments, W/P Reference
In-house Progressive Payoff Schedules				
4. Scan progressive meter readings, including those offered in conjunction with a slot tournament, contest or promotion, for the most recent two weeks and determine that:				
a) The base amount of each progressive payoff is recorded pursuant to Regulation 5.110(2) (the base amount should be recorded when first exposed for play and subsequent to each payoff).				
b) The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110(2)				
c) The payoff amount has increased since the prior recording [unless related to reasons allowed pursuant to Regulation 5.110(4), 5.110(5) and 5.110(6) .				
d) The payoff amount on the progressive payoff schedule has not been decreased except as allowed by Regulation 5.110 . (Any reduction should be supported by appropriate documentation pursuant to Regulation 5.110(2) and 5.110(5), such as a notation of a payoff, a meter repair slip, etc.)				
e) Changes in the rate of progression are documented pursuant to Regulation 5.110(3) . If no changes are detected, inquire with licensee personnel to determine if they would document such changes.				

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Questions	Yes	No	N/A	Comments, W/P Reference
Surveillance				
5. Is adequate video surveillance provided over the slot area? Regulation 5.160(6) and Surveillance Standard #1 and #10 (if applicable)				
Cross Gaming Area/Cross Property Transactions				
6. Review the licensee's procedures to determine if wagering account transactions and/or wagering instruments are utilized between gaming area(s) and/or affiliated properties. Have procedures been implemented to account for these transactions/instruments to ensure the proper reporting of revenue? (Revenue) Indicate the gaming areas when cross gaming area transactions are utilized. Indicate which properties when cross property transactions are utilized.				
Blended Games (e.g., Slots/Table Games with Live Dealer)				
7. Determine if the licensee offers blended games. Have procedures been implemented to account for those transactions to ensure the proper reporting of revenue? (Revenue)				
Free Play and Promotional Items				
8. If free play or promotional items, including drawings and giveaways, are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110				

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Questions	Yes	No	N/A	Comments, W/P Reference
Contest and Tournament Items				
9. If contests and/or tournaments are <u>currently</u> being offered, is revenue properly reported? NRS 463.0161 and Regulation 6.110				
Expired Wagering Instruments				
10. Review the licensee's procedures to determine if wagering instruments are utilized between gaming area(s) and/or affiliated properties. Have procedures been implemented to account for these wagering instruments to ensure the proper reporting of revenue. Regulation 6.110				
Appeasement Payouts				
11. If appeasement payouts are offered determine how they are processed, manually or through the system. NRS 463.3715(1) and Regulation 6.110 Indicate the method.				
12. Does the licensee maintain documentation to support appeasement payouts? NRS 463.3715(1) and Regulation 6.110 Verify by examination.				
13. Regarding the previous question is the documentation forwarded to accounting to ensure proper reporting of revenue? NRS 463.3715(1) and Regulation 6.110				
<u>Procedures Modified or Added:</u>				

Verified per representation

Verified per observation/examination