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NOTICE TO LICENSEES

Notice #2013-76

Issuing Division: Audit

DATE: October 18, 2013
(Modified on December 9, 2013)

TO: All Group I Nonrestricted Licensees, Group I Licensee's CPA Firms and Interested Persons

FROM: Terry Johnson, Board Member 

SUBJECT: Regulation 6.090(15) – Waiver of Internal Audit Compliance Reporting Requirements - Guidelines for a Mobile Gaming System

As of January 1, 2009, all Group I licensees were required to be in compliance with the "Internal Audit Compliance Reporting Requirements - Guidelines" ("Guidelines") established pursuant to Regulation 6.090(15). Pursuant to the Guidelines, the Audit Division is hereby modifying the frequency in performing the internal audit procedures as it relates to a **Mobile Gaming System** (as defined in Regulation 5.220).

The Guidelines specify that for slots the procedures in the "CPA MICS Compliance Checklist – General Walk-through - All Procedures" are performed for one six-month period and the procedures in the "CPA MICS Compliance Checklist – General Walk-through – Limited Procedures" are performed for the other six-month period. Both checklists include procedures for a Mobile Gaming System.

In addition to the aforementioned checklists, an internal auditor is to perform procedures in the following checklists for a Mobile Gaming System ("Other Slots Checklists") for each six-month period of the licensee's business year:

- 1. Internal Audit Compliance Checklist – Slots Walk-Through Procedures**
- 2. Internal Audit Compliance Checklist – Slots Testing Procedures**
- 3. CPA MICS Compliance Checklist – Slots – On-Line Slot Metering Systems**

If reported annual gaming revenue for Mobile Gaming (a system based game) is less than \$5,000, the Board's Audit Division is waiving the performance of the procedures pertaining to a Mobile Gaming System in the "*CPA MICS Compliance Checklist – General Walk-through – Limited Procedures*" and in the "**Other Slots Checklists**" **for one of the six-month periods**. With this waiver, the performance of all procedures for a Mobile Gaming System in the "*CPA MICS Compliance Checklist – General Walk-through - All Procedures*" **and the performance of all procedures for a Mobile Gaming System in the "Other Slots Checklists"** will be considered sufficient for the licensee's business year (**for a Mobile Gaming System, the applicable procedures are not required to be performed for each six-month period**). The waiver does not apply to the procedures required to be performed for information technology related to the operation of the Mobile Gaming System.

Additionally, if the waiver in the preceding paragraph is used, the internal auditor is required to prepare and maintain documentation, within 15 days following the end of the business year, supporting the fact that the reported annual mobile gaming revenue was less than \$5,000 for the licensee's business year. The internal auditor will maintain this documentation in their work papers to support not performing procedures pertaining to a Mobile Gaming System in the "*CPA MICS Compliance Checklist – General Walk-through – Limited Procedures*" **and in the "Other Slots Checklists"**.

For 2013, if the internal audit procedures for a Mobile Gaming System were performed using the "*CPA MICS Compliance Checklist – General Walk-through - All Procedures*" **and the "Other Slots Checklists"** during the first six-month period of the licensee's business year and the reported annual mobile gaming revenue for the licensee's business year of 2012 was less than \$5,000, it is acceptable to forgo the procedures pertaining to the Mobile Gaming System in the "*CPA MICS Compliance Checklist – General Walk-through – Limited Procedures*" **and in the "Other Slots Checklists"** for the second six-month period of the licensee's business year. In all other instances, this waiver becomes effective on January 1, 2014.

Please be advised that the Board's Audit Division retains the discretion to revoke and/or modify this internal audit waiver approval.

This notice can be obtained from the Board's website at <http://gaming.nv.gov>.

Please contact Internal Control Coordinator Kim Wolfgang at (702) 486-2060 if you have any questions.