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CPA MICS Compliance Checklist

SLOTS
On-Line Slot Metering Systems

Licensee _____ Review Period _____

NGC Regulation 6.090(9) requires the CPA to use “criteria established by the chairman” 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 slots operation is in compliance with Slots MICS #126 - #138 and #187 - #188 that address an on-line slot metering system and/or a cashless wagering system approved by the Board pursuant to Regulation 14 Technical Standard 3. For these systems the MICS apply only as they relate to the meter information that can be obtained by the system.

Licensees with a Board-approved cashless wagering system that do not use an on-line slot metering system that is capable of obtaining meter information directly from the slot machines only need to comply with MICS #134(n), #135(a) and #136.

| Date of Inquiry | Person Interviewed | Position |
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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 Chairman, 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 Slots, Version 6.

Minimum Internal Control Standard Notes (paraphrased from the standards)

Refer to Notes 1 – 12, as applicable, on the Slot Walk-Through Checklist.

| Questions | Yes | No | N/A | Comments, W/P Reference |
|---|-----|----|-----|-------------------------|
| <p><u>On-Line Slot Metering Systems</u></p> <p>Note 1: MICS #126 - #138 apply to licensees that have installed a “TS3 OSMS”. Licensees with a Board-approved CWS that interfaces with a non TS3 OSMS only need to comply with MICS #134n, #135a and #136, instead of MICS #126 - #138. (Note 1 before 126)</p> <p>Note 2: For SBG, meter information is compiled by socket ID rather than by slot machine. (Note 2 before 126)</p> | | | | |

Verified per representation
Verified per observation/examination

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| Questions | Yes | No | N/A | Comments, W/P Reference |
|--|-----|----|-----|-------------------------|
| 1. Has the licensee's written system of internal control for on-line slot metering systems been read prior to the completion of this checklist to obtain an understanding of the licensee's use of the on-line slot metering systems? | | | | |
| 2. Is the TS3 OSMS connected, functioning and communicating with the slot machines or SBG game server in obtaining slot machine/socket ID meter information as follows: | | | | |
| a) For all slot machines equipped with meters described by the Regulation 14 Technical Standards approved on or after 8/1/04, and all meters for SBG socket IDs, is all meter information, as applicable to the licensee's operation, transmitted to the TS3 OSMS, unless this requirement was waived by the Board chairman pursuant to Regulation 6.045? (126a) | | | | |
| b) For slot machines approved before 8/1/04 that are equipped with meters described by the Regulation Technical Standards, is a minimum of the coin-in, coin drop and bill-in meter information transmitted to the TS3 OSMS, unless this requirement has been waived by the Board chairman pursuant to Regulation 6.045? (126b) | | | | |
| c) For any slot machines or SBG game server equipped with cashless wagering meters, is the applicable cashless wagering meter information transmitted to the TS3 OSMS, unless this requirement has been waived for certain slot machines by the Board chairman? (126c) | | | | |
| 3. At least monthly is a list prepared and maintained that indicates all slot machines that are not permanently connected to the TS3 OSMS and/or CWS along with the reason the slot machine is not permanently connected and are slot machines approved before 8/1/04 that are connected to the TS3 OSMS that do not have all of the required meters included separately on this list? (127) Verify by examination. | | | | |
| 4. For TS3 OSMS that reads the specific values indicated on slot machine or SBG game server meters, are all required meters read, recorded and maintained by the TS3 OSMS before and after any slot machine or SBG game server maintenance that involves the clearing or resetting of the meters? (128) | | | | |
| 5. For a SSG, before and after any software is added or removed from a slot machine, if the meter information could be lost, are all required meters for the slot machine read, recorded and maintained by the TS3 OSMS? (128) | | | | |

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| Questions | Yes | No | N/A | Comments, W/P Reference |
|---|-----|----|-----|-------------------------|
| 6. For a SBG, before and after any software is added or removed from the game server, if the meter information could be lost, are all required meters for each socket ID read, recorded and maintained by the TS3 OSMS? (128) | | | | |
| 7. Is the MICS #128 meter information used when reviewing slot machine performance reports to ensure that the maintenance performed did not improperly affect the meter values recorded in the slot performance reports? (128) | | | | |
| 8. At the time a drop box (coin or currency) is removed in conjunction with a slot drop, are the “Drop Meters” (coin drop, bill-in, voucher in and coupon promotion in) for each slot machine dropped read, meter amounts recorded and maintained? (129) Verify by examination. | | | | |
| 9. At the end of the licensee’s specified 24-hour accounting period (that must be the same 24-hour accounting period used for CWS reports and the computerized jackpot fill system) are the following meters read, meter amount recorded and maintained by slot machine/socket ID: Verify by examination. | | | | |
| a) “Attendant Paid Meters” (jackpots, cancelled credits, external bonus payouts, and progressive payouts)? (130a) | | | | |
| b) Physical coin-in meter? (130b) | | | | |
| c) Physical coin out meter? (130c) | | | | |
| d) “Electronic Promotion Meters” (cashable in, cashable out, non-cashable in and non-cashable out)? (130d) | | | | |
| e) “Machine Paid Meters” (external bonus payout and progressive payout)? (130e) | | | | |
| f) “Wagering Account Transfer” meters (out and in)? (130f) | | | | |
| g) Electronic funds transfer in meter? (130g) | | | | |
| h) Voucher out meter? (130h) | | | | |
| i) Coin drop meter? (130i) | | | | |
| 10. For each 24-hour accounting period, does the accounting department review all meter readings for reasonableness using pre-established parameters? (131) | | | | |
| 11. Prior to the preparation of the slot performance reports, are meter readings which do not appear reasonable reviewed with slot department employees; are exceptions documented so that any necessary repairs can be made and errors corrected; and are the final slot performance reports reviewed to ensure that the correct meter amounts have been recorded? (132) Verify by examination. | | | | |

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| Questions | Yes | No | N/A | Comments, W/P Reference |
|--|-----|----|-----|--|
| 12. Are meter reading amounts only altered to correct amounts for readings that were determined to be unreasonable; and when correcting such meter amounts, is the correct amount indicated in the appropriate TS3 OSMS report? (133) | | | | |
| Testing is required for Questions 13 - 15, as applicable. Select on-line slot metering system reports for 2 days. Test days must be in non-consecutive months. Indicate test dates selected and results of testing. | | | | |
| 13. Are the following TS3 OSMS slot performance reports, as applicable to the licensed operation, generated and maintained for each day for slot machines/socket IDs: | | | | |
| a) Meter attendant paid jackpots, cancelled credits, progressive payouts and external bonus payouts (in total) vs. actual attendant paid jackpots, cancelled credits, progressive payouts and external bonus payouts (in total)? (134a) | | | | |
| b) Meter fills vs. actual fills? (134b) Note: Refer to TS 3.140(5) for the calculation used in determining the meter fill dollar amount. (134b, Note) | | | | |
| c) Meter machine paid and attendant paid external bonus payouts vs. external bonusing system machine paid and attendant paid external bonus payouts? (134c) | | | | |
| d) Meter wagering account transfer (WAT) in vs. CWS wagering account transfer (WAT) in? (134d) | | | | |
| e) Meter wagering account transfer (WAT) out vs. CWS wagering account transfer (WAT) out? (134e) | | | | |
| f) Meter electronic funds transfer (EFT) in vs. CWS electronic funds transfer (EFT) in? (134f) | | | X | As of the date of this checklist, EFT's are not allowed pursuant to Regulations 14.260 and 14.290. |
| g) Meter cashable electronic promotion in vs. CWS cashable electronic promotion in? (134g) | | | | |
| h) Meter cashable electronic promotion out vs. CWS cashable electronic promotion out? (134h) | | | | |
| i) Meter non-cashable electronic promotion in vs. CWS non-cashable electronic promotion in? (134i) | | | | |
| j) Meter non-cashable electronic promotion out vs. CWS non-cashable electronic promotion out? (134j) | | | | |

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| k) Meter voucher out vs. CWS voucher and payout receipt forms issued? (134k) | | | | |
| l) Meter coupon promotion out vs. CWS coupon promotion out forms issued? (134l) | | | | |
| m) For slot machines dropped, meter drop vs. actual drop for each drop type (e.g., coin and bills)? (134m) | | | | |
| n) For slot machines dropped, CWS wagering instruments accepted vs. wagering instruments counted in the count room (e.g., vouchers and coupons)? (134n) | | | | |
| o) For slot machines dropped, meter voucher in vs. CWS voucher in forms accepted? (134o) | | | | |
| p) For slot machines dropped, meter coupon promotion in vs. CWS coupon promotion in forms accepted? (134p) | | | | |
| 14. Are variances, by slot machine/socket ID, noted in the reports required by MICS #134 that are in excess of the following parameters, reviewed by the accounting department: | | | | |
| a) For slot machines dropped, variances in excess of one percent or \$100, whichever amount is greater, for each drop type (coin, bills, vouchers and coupons)? (135a) | | | | |
| b) For slot machines dropped, variances in excess of one percent or \$100, whichever amount is greater, for the total of attendant payouts? (135b) | | | | |
| c) Variances in excess of one standard hopper fill dollar amount for fills? (135c) | | | | |
| d) Any variances noted between meters and CWS for wagering account transfers (WAT) in and out, electronic funds transfer (EFT) in, cashable electronic promotion in and out, non-cashable electronic promotion in and out, external bonus payouts, vouchers out and coupon promotion out? (135d) Note: As of the date of this checklist, electronic funds transfers are not allowed pursuant to Regulations 14.260 and 14.290. Therefore, this question is only applicable to the other meters mentioned in this standard. | | | | |

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| 15. Are the results of the variance investigation, including the date of and personnel involved in the investigations, documented in the appropriate report and retained, do the results also include any corrective action taken (e.g., meter replaced, interface component repaired, software debugged, etc.), and is the investigation completed and results documented within seven days of the day the variance was noted? (136) | | | | |
| 16. Relating to the investigations mentioned in the previous question, for material attendant payout variances noted in MICS #134(a), does the investigation include a review of the daily progressive payoff dollar amounts recorded pursuant to Regulation 5.110 if the variance is due to a progressive jackpot payout and does it include a review of the report of payouts from the operator of the wide-area progressive system if the variance is due to a wide-area progressive payout? (136, Note) Note: These procedures are required because attendant payout variances may be caused by progressive jackpot and wide-area progressive payouts not being recorded on the gaming device attendant paid progressive payout meter because the meter may not have the capability to obtain the dollar amount of the progressive displayed on the sign. (136, Note) | | | | |
| 17. Are TS3 OSMS exception reports [required by TS 3.140 (12)] reviewed by the accounting department on a daily basis for propriety of data or parameter alterations? (137) | | | | |
| 18. At least monthly, do accounting/audit supervisory personnel confirm that the appropriate investigation has been completed for the above MICS #136 review of variances? (138) | | | | |
| Slot Accounting/Audit Procedures | | | | |
| 19. For a SBG when a TS3 OSMS is utilized, are procedures performed at least monthly to verify that the TS3 OSMS is transmitting, receiving, and recording data from the SBG game server properly for each socket ID for the following meters, as applicable to the operation: <ul style="list-style-type: none"> • Coin-In by payable (see MICS #107) • Coin-In by wager type for 4% spread paytables (see MICS #107)? (187) | | | | |
| 20. Do the procedures mentioned in the previous question include the following at a minimum: | | | | |

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| a) Manually read the meters on the SBG game server for the meters associated with one socket ID, compare the manual readings to the metering system-generated readings report and document all variances? (187a) | | | | |
| b) Document the test and the results of investigations into all variances by socket ID? (187b) | | | | |
| 21. Quarterly, for other than SBG, for multi-game and/or multi-denomination slot machines, are the combined coin-in dollar amounts by payable reconciled to the total coin-in dollar amount of the slot machine and for single payable slot machines with 4% spread paytables, are the combined coin-in dollar amounts by wager type reconciled to the total coin-in dollar amount of the slot machine? (188) Note: MICS #188 applies only to licensees that have installed a TS3 OSMS. (188, Note) | | | | |
| 22. Based on the procedures performed in the preceding question, are any unreconciled variances investigated with slot department employees with exceptions being documented so that meters can be repaired or clerical errors in the recording of meter amounts can be corrected? (188) | | | | |
| 23. Is documentation (e.g., a log, checklist, notation on reports, and tapes attached to original documents) maintained evidencing the performance of slot audit procedures, the exceptions noted and any follow-up of all slot audit exceptions? (207) Verify by examination. | | | | |
| <u>Written System of Internal Control</u> | | | | |
| 24. Has the licensee's written system of internal control for on-line slot metering systems been re-read prior to responding to the following question? | | | | |
| 25. Does the written system of internal control for on-line slot metering systems 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? | | | | |

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