

STATE OF NEVADA
GAMING CONTROL BOARD
MINIMUM INTERNAL CONTROL STANDARDS

BINGO

Note 1: For any Board-authorized computer applications, alternate documentation and/or procedures which provide at least the level of control described by these MICS as determined by the Audit Division will be acceptable, and a MICS variation pursuant to Regulation 6.090 will be unnecessary.

Note 2: These MICS apply to any Board-authorized inter-casino linked system. However, the operator of the inter-casino linked system and the licensee may share the responsibility for compliance, with some procedures performed by the licensee and other procedures performed by the operator of the inter-casino linked system. The procedures which the operator of the inter-casino linked system will perform are to be delineated as such within the bingo section of the written system of internal control pursuant to Regulation 6.090.

Note 3: These MICS apply to free bingo operations (i.e., no cost to purchase bingo boards) and contests regardless of whether the licensee operates a licensed bingo game. The procedures for such free bingo operations or contests are to be delineated as such within the bingo section of the written system of internal control pursuant to Regulation 6.090.

Game Play Standards

1. Employees who sell cards on the floor will not verify payouts while possessing cards. Employees who sell cards from a bingo counter are allowed to verify payouts.

Note: The above MICS is not applicable for those locations with an annual bingo write of \$1 million or less in the previous 12-month period ended June 30.

2. Bingo cards (electronic and paper) are sold consecutively, through the assigning of a transaction number, beginning with the lowest unassigned transaction number.
3. When an electronic bingo card is sold, a unique number of the bingo card sold to the patron for play during the upcoming bingo session is immediately recorded in an unalterable manner and maintained.

Note 1: The unique number is associated with the face numbers on the bingo card and is used to evidence that the bingo card was purchased for the session during which it is played.

Note 2: MICS #2 and #3 allow for bingo cards to be sold after the start of a session.

4. The bingo computer system, including computerized point-of-sale systems used for recording paper card sales, will record the card sale (electronic and paper) on a restricted transaction log or computer storage media.
5. Bingo personnel are precluded from having unrestricted access to the restricted transaction log or computer storage media.
6. When it is necessary to void a card sale:
 - a. For a bingo computer system, the void information is input in the computer and the computer documents the appropriate information pertaining to the voided card sale. A supervisor authorizes the voiding of the card sale through the bingo computer system. For electronic bingo devices, the voiding process includes deactivating the bingo card(s) in the original electronic bingo device if new bingo cards are issued in a replacement electronic bingo device.
 - b. For a manual bingo operation, the bingo card is marked "void" and signed by a supervisor authorizing the voiding of the card sale. The voided bingo card is sent to accounting.

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7. Controls exist to prevent the voiding of card sales after the end of the first game of a session for which the bingo card was sold. If a card requires voiding after the start of the calling of the game, the reason for the void must be documented. The employee selling the bingo card and supervisor must sign the documentation authorizing the void. The documentation must be forwarded to accounting for review.
8. The controls in effect for bingo card sales in outstations (if applicable) are identical to those in effect for the primary bingo game.
9. All sales of bingo cards are documented on a session bingo card sales report by recording at least the following:
 - a. Date and time.
 - b. Session.
 - c. The beginning and ending assigned transaction numbers of cards sold (by type).
 - d. Number of cards sold (by type).
 - e. Dollar amount of cards sold (by type).
 - f. Total dollar amount of cards sold.
 - g. Signature or other identifier of seller(s).
10. An individual independent of the seller performs the following for each seller at the end of each session:
 - a. For each card type, reconcile the documented total dollar amount of cards sold to the documented number of cards sold.
 - b. For each card type, reconcile the number of cards sold by comparing the documented beginning and ending assigned transaction number to the documented number of cards sold.
 - c. For paper cards sold, compare the documented ending assigned transaction number to the beginning transaction number of the paper card inventory to determine that the paper cards are used in a consecutive number order.
 - d. Any noted variance is investigated with the results of the follow-up documented.
 - e. The verifier signs the session bingo card sales report indicating that card sales have been verified. This verifier may also sell bingo cards as long as the sales are made out of a separate window/bank.

Note: The above MICS is not applicable for those locations with an annual bingo write of \$1 million or less in the previous 12-month period ended June 30.
11. Procedures are utilized to ensure the correct calling of numbers selected in the bingo game.
12. Each ball is shown to a television camera immediately before or after it is called so that it is individually displayed to all patrons.
13. Controls are present to ensure that the numbered balls are placed back into the selection device prior to calling the next game.
14. The authenticity of each payout (including the payout amount and type of winning card) is verified by at least two persons.

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Note: A computerized card verifying system may function as the second person verifying the payout if the card with the winning numbers and its type are determined by the verifying system and are displayed to patrons in the bingo room.

15. Prior to payment of a winning paper and/or electronic bingo card, procedures are performed to ensure that the winning bingo card was sold for the session and the game during which it was played, and was not voided.
16. Payouts in excess of \$1,200 require written approval by supervisory personnel independent of the transaction, indicating that the card has been examined and verified to the master card inventory to ensure that the card has not been altered or inappropriately played during the session.
17. Payouts are recorded by game and in total for the session on a payout report. The payout report is signed by two persons that witnessed and verified the dollar amount of the recorded payouts.

Promotional Payouts, Drawings and Giveaway Programs

18. The conditions for participating in promotional payouts, including drawings and giveaway programs, are prominently displayed or available for patron review at the licensed location.
19. Promotional payouts, including those as a result of drawings and giveaway programs, that are either deducted from gross gaming revenue, or are greater than or equal to \$500 and not deducted from gross gaming revenue, are documented at the time of the payout to include the following:
 - a. Date, time and session.
 - b. Dollar amount of payout or description of personal property (e.g., car).
 - c. Reason for payout (i.e., promotion name).
 - d. Signature(s) of the following number of employees verifying, authorizing, and completing the promotional payout with the patron:
 - 1) Two employee signatures for all payouts of \$100 or more that are deducted from gross gaming revenue;

Note: For approved computerized systems that validate and print the dollar amount of the payout on a computer-generated form, only one employee signature is required on the payout form.

- 2) One employee signature for payouts of less than \$100 that are deducted from gross gaming revenue; or
 - 3) One employee signature for payouts of \$500 or more that are not deducted from gross gaming revenue.
- e. Patron's name (for drawings only).

Note: MICS #19 documentation may be prepared by an individual who is not a bingo department employee as long as the required signatures are those of the employees completing the payout with the patron.

20. If the promotional cash (or cash equivalent) payout is less than \$500 and is not deducted from gross gaming revenue, documentation is created to support bank accountability.

Note: Required documentation may consist of a line item on a cage or bingo accountability document (e.g., "43 \$10 bingo cash giveaway coupons = \$430").

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Checkout Standards

21. All funds used to operate the bingo department are recorded on an accountability form.
22. The above funds are counted by at least two persons and reconciled to the recorded amounts at the end of each session, and the session bingo card sales and payout report are signed as evidence of the count and reconciliation.

Note 1: The above MICS is also to be performed whenever there is a change of seller during a session. In such a case when the cash is transferred from one seller to the next seller, the session bingo card sales and payout report is to reflect for each seller and for the session the amount of cash turn in and any variances between the cash turn-in and the amount of net cash that should be turned in for each seller.

Note 2: Alternatively, the above MICS may be performed at the end of each shift rather than at the end of each session.

Access to Sensitive Areas

23. Access to controlled bingo equipment (e.g., blower, balls in play, and back-up balls) is restricted to authorized persons.
24. Bingo balls are inspected prior to being placed into play each day to ensure that each ball has an equal chance of being selected during the games of the bingo session. The inspection is performed by a minimum of two individuals and is documented. The document includes the date and time of inspection, the inspection results, the investigation of noted exceptions, and the signatures of the individuals completing the inspection. Prior to each session a verification is performed to ensure that all numbered balls are accounted for and in play.
25. Bingo equipment is maintained and checked for accuracy on a periodic basis.
26. The bingo card inventory (including electronic cards) is controlled so as to ensure the integrity of the cards being used.

Accounting and Statistical Records

27. A bingo revenue summary is maintained which includes write (card sales), payouts, win and a win-to-write hold percentage for:
 - a. Each session (session win-to-write hold percentage is not required).
 - b. Each day.
 - c. Month-to-date.
 - d. Year-to-date.
28. The month-end bingo revenue summary statistical information (prepared prior to the submission of the NGC tax returns for the month in which the activity occurred) is presented to and reviewed by management independent of the bingo department at least on a monthly basis and such management investigates any large or unusual statistical fluctuations. The investigation is to be completed no later than 30 days after the generation of the month end bingo revenue summary.
29. At a minimum, investigations are performed for statistical percentage fluctuations from the base level for a month in excess of +/- 5%.

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Note: The base level is defined as either the win-to-write hold percentage for the most recent calendar or fiscal year, or a rolling average win-to-write hold percentage for the immediately preceding 12 months. If the licensee has been operating for less than 12 full months, base levels for partial years should be used.

30. The results of such investigations are documented and maintained.

Random Number Generator

Note: A bingo game with a random number generator that determines win or loss must have received Board and Commission approval as a gaming device.

31. The numbers selected by the random number generator are directly relayed to, and automatically recorded in, the bingo computer system.

Contests/Tournaments

32. All contest/tournament entry fees and prize payouts (including mail transactions) are summarized on a cash accountability document on a daily basis.

33. When contest/tournament entry fees and payouts are transacted, the transactions are recorded on a document which contains:

- a. Patron's name.
- b. Date of entry/payout.
- c. Dollar amount of entry fee/payout (both alpha and numeric, or unalterable numeric) and/or nature and dollar value of any noncash payout.
- d. Signature of individual completing transaction attesting to the receipt or disbursement of the entry fee/payout with the patron.
- e. Name of contest/tournament.

34. The contest/tournament entry fees and payouts are summarized and posted to the accounting records on at least a monthly basis.

35. Contest/tournament rules are included on all entry forms/brochures and are prominently displayed or available for patron review at the licensed location. The rules must include at a minimum:

- a. All conditions patrons must meet to qualify for entry into, and advancement through, the contest/tournament.
- b. Specific information pertaining to any single contest/tournament, including the dollar amount of money placed into the prize pool.
- c. The distribution of funds based on specific outcomes.
- d. The name of the organizations (or persons) registered pursuant to NRS 463.169 that conducted the contest/tournament on behalf of, or in conjunction with, the licensee if applicable.

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36. Results of each contest/tournament are recorded and available for participants to review. The recording includes the name of the event, date(s) of event, total number of entries, dollar amount of entry fees, total prize pool, and the dollar amount paid for each winning category. The name of each winner is recorded and maintained but not made available to the participants unless authorized by management personnel.

Note: For free tournaments (i.e., patron does not pay an entry fee), the information required by the above MICS must be recorded except for the number of entries, dollar amount of entry fees and total prize pool.

37. The aforementioned contest/tournament records are maintained for each event.

Computerized Player Tracking Systems

Note 1: Compliance with MICS #38 - #43 is required for all computerized bingo player tracking systems.

Note 2: As used in these Bingo MICS, the term "point" or "points" is a generic term and refers to a representative of value awarded to a patron based upon specific criterion established by the licensee. Commonly, points are earned by patrons placing wagers or purchasing room, food, beverage or entertainment admissions. Patron accounts in a player tracking system are used to track points earned/awarded to patrons.

38. The addition/deletion of points to player tracking accounts other than through an automated process related to actual play must be sufficiently documented (including substantiation of reasons for increases) and authorized/performed by supervisory personnel of the player tracking, promotions, or bingo departments. The addition/deletion of points to player tracking accounts authorized by supervisory personnel is documented and is randomly verified by accounting/audit personnel on a quarterly basis.

Note: The above MICS does not apply to the deletion of points related to inactive or closed accounts through an automated process.

39. Employees who redeem points for patrons cannot have access to inactive or closed accounts without supervisory personnel authorization. Documentation of such access and approval is created and maintained.

40. Patron identification is required when redeeming points without a player tracking card.

41. Changes to the player tracking system parameters, such as point structures and employee access, must be performed by supervisory personnel independent of the bingo department. Alternatively, changes to player tracking system parameters may be performed by bingo supervisory personnel if sufficient documentation is generated and the propriety of the changes are randomly verified by personnel independent of the bingo department on a quarterly basis.

42. All other changes to the player tracking system must be appropriately documented.

43. Rules and policies for player tracking accounts including the awarding, redeeming and expiration of points are prominently displayed or available for patron review at the licensed location.

Accounting/Audit Standards

44. The bingo audit is conducted by someone independent of the bingo operations.

45. Monthly, accounting/audit personnel review all contests, tournaments, promotional payouts, drawings, and giveaway programs to determine proper accounting treatment and proper bingo gross revenue win/loss computation.

46. For all contests, tournaments, promotional payouts (including payouts from computerized player tracking activity), drawings, and giveaway programs the following documentation is maintained:

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- a. Copies of the information provided to the patrons describing the contests, tournaments, promotional payouts, drawings, and giveaway programs (e.g., brochures, fliers).
 - b. Effective dates.
 - c. Accounting treatment, including general ledger accounts, if applicable.
 - d. For tournaments and contests, the name of the organizations (or persons) registered pursuant to NRS 463.169 that conducted the contest/tournament on behalf of, or in conjunction with, the licensee, if any. The extent of responsibilities (including MICS compliance responsibilities) each organization and the licensee had in the contest/tournament (e.g., ABC nonprofit is to receive 100% of the entry fees and provide noncash prizes for the winners with the licensee collecting entry fees, operating the tournament and distributing prizes to winners) will also be documented.
47. Monthly, accounting/audit personnel perform procedures to ensure that promotional payouts, drawings and giveaway programs are conducted in accordance with the conditions provided to the patrons. The procedures must include a review of documents along with employee interviews and/or observations.
48. Daily, accounting/audit personnel reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document.
49. When payment is made to the winners of a contest/tournament, accounting/audit personnel will reconcile the contest/tournament entry fees collected to the actual contest/tournament payouts made. This reconciliation is to determine whether, based on the entry fees collected, the payouts made and the amounts withheld by the gaming establishment, if applicable, were distributed in accordance with the contest/tournament rules.
50. Bingo accounting/audit personnel perform the following:
- a. Daily, review the session bingo card sales reports for proper completion and to determine that the dollar amount of cards sold is properly calculated.
 - b. Daily, review the payout report to determine that the dollar amount of payouts is properly calculated and for the proper signatures as required by MICS #17.
 - c. Daily, review all payouts in excess of \$1,200 for proper supervisor payout authorization.
 - d. Daily, compare net cash proceeds to the audited bingo win/loss by session and investigate any large cash overages or shortages (i.e., in excess of \$25).
 - e. Review all voids of bingo card sales for proper completion and supervisory approval. For bingo computer systems, a review of the system report of voided bingo sales is also performed in determining appropriate supervisor authorization of voided card sales.
 - f. If a random number generator is used, at least weekly the numerical frequency distribution is reviewed for potential patterns during the previous four-week period.
 - g. If a manual ball drawing device is used and a bingo computer system (or auditing software) generates a drawn number frequency report, at least weekly the numerical frequency distribution is reviewed for potential patterns and missing numbers during the previous four-week period.

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- h. For a bingo computer system, review system exception reports on a daily basis for propriety of transactions and unusual occurrences. The review should include, but is not limited to, electronic bingo device malfunctions. All noted improper transactions or unusual occurrences are investigated with the results documented.

Note: An exception report is defined as a report produced by the computerized system identifying unusual occurrences, changes to system configuration parameters, alteration to initially recorded data, voids, etc.

- 51. Monthly, accounting/audit personnel reconcile gross revenue from the general ledger and the bingo revenue summary to the monthly NGC tax return. The reconciliation is documented and maintained. All variances, including the variance caused by the reduction of bingo revenue on the NGC tax return due to an allowable tax deduction supported by inter-casino linked system reports, are reviewed, documented and maintained.
- 52. For computerized player tracking systems, an accounting/audit employee shall perform the following procedures at least one day per quarter:
 - a. Review all point addition/deletion authorization documentation, other than for point additions/deletions made through an automated process, for propriety.
 - b. Review exception reports including transfers between accounts.
 - c. Review documentation related to access to inactive and closed accounts.
- 53. At least annually, the computerized bingo player tracking system (in-house developed and purchased systems) is reviewed by personnel independent of the individuals that set up or make changes to the system parameters. The review is performed to determine that the configuration parameters are accurate and have not been altered without appropriate management authorization (e.g., verify the accuracy of the awarding of points based on the dollar amount wagered). The system should also be tested, if possible, to further verify the accuracy of the configuration parameters (e.g., simulate activity to verify the accuracy of the amount of points awarded). The test results are documented and maintained.
- 54. Quarterly, an inventory of all sensitive bingo keys is performed and reconciled to records of keys made, issued, and destroyed. Investigations are performed for all keys unaccounted for, with the investigations being documented.

Note: Sensitive keys include, but are not limited to, keys used to access restricted computer storage media and/or restricted equipment used to conduct the bingo game (e.g., bingo blower, back-up bingo ball inventories).
- 55. Documentation (e.g., log, checklist, notation on reports, and tapes attached to original documents) is maintained evidencing the performance of bingo audit procedures, the exceptions noted and follow-up of all bingo audit exceptions.