

Auditor's Name and Date

CPA MICS Compliance Checklist

SLOTS
Coin Drop and Count Observation

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 the Slots MICS that address the coin drop and count.

Date of Inquiry	Person Interviewed	Position

Date of Drop Observation: _____ **Date of Count Observation:** _____

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) 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):

- Note 1: The controls in effect for participation machines will provide at least the level of control described by these MICS.
- Note 2: One slot route operator's employee may be used to fill the employee requirements except in a supervisory capacity.
- Note 3: For all licensees, employees participating in the drop and/or count at the licensed location must have registered pursuant to Regulation 5.105. Also, drop and/or count team members may be employees of an affiliate gaming operation or corporate employees as long as the drop/count members have registered as gaming employees for the licensed location where the drop/count is being performed.
- Note 4: 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 will be unnecessary.

Verified per representation.
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Questions	Yes	No	N/A	Comments, W/P Reference
1. Has the licensee's written system of internal control for the slots coin drop and count been read prior to the completion of this checklist to obtain an understanding of the licensee's slots coin drop and count procedures?				
<u>Coin Drop Standards</u>				
2. Is the coin drop and count for each slot machine performed at least once a month? (1)				
3. Are a minimum of three employees involved in the removal and transport of the slot coin drop with at least one of the employees being independent of the slot department? (2) Verify by observation.				
4. Are the employees mentioned in the previous question involved as follows: Verify by observation.				
a. Does a member of the coin drop team remove the coin drop bucket from the slot drop cabinet? (2a)				
b. To ensure that funds are not removed from the coin buckets, is a second employee able to monitor (witness in person) at all times the drop team member opening the slot drop cabinets, removing the coin drop buckets, and placing the coin buckets on the cart? (2b)				
c. Does an employee, either a third coin drop team member or the member performing the monitoring function, provide security of the storage of the coin drop buckets on the cart until all coin drop buckets have been transported to the count room? (2c) State who performs this procedure.				
d. Do a minimum of two employees, at least one of whom is independent of the slot department, transport the coin drop buckets directly to the hard count room or other similarly restricted location where the drop proceeds are locked in a secure manner until the count takes place? (2d) State who performs this procedure.				
5. If more than one trip is required to remove the coin drop from the slot machines scheduled to be dropped, are the filled carts or coins either locked in the count room or secured in another equivalent manner? (3) State where the coin is secured.				

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6. Does the Regulation 6.130(1)(a) drop/count time filing include specific drop days and times? (218) Verify by examination.				
7. If all slot machines are not dropped on the same days of the week, does the drop/count time filing state which ones are dropped and counted on each day (e.g., denomination, section of the floor, percentage of all coin drop, or other description)? (218, Note 4) Verify by examination. Note 1: The start of the coin drop commences with the opening of the first slot coin drop cabinet door. (218, Note 1) Note 2: When a drop and/or count is unable to start at the reported time, the Board's Audit Division is notified (see the Board's website for instructions) prior to both the reported time and the actual start time. (218, Note 6)				
8. If applicable, are routine breaks longer than 15 minutes (i.e., meal, change of shift, or breaks by count team members to perform other functions) during the count indicated on the drop/count time filing? (218, Note 5) Verify by examination.				
Slot Coin Count and Wrap Standards Note: "Wrapped coin" includes coin/tokens in coin wrappers, bags and racks. (Note before 11)				
Perform a weigh scale test of all denominations using precounted coin. The count must be in process when these tests are performed, and should be conducted prior to the commencement of any other count related procedures. For computerized weigh scales, the test can be conducted at the conclusion of the count, but before the final totals are generated. Indicate the results of the test performed.				
9. Is the coin weigh/count performed by a minimum of three employees? (11) Verify by observation.				

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<p>10. At no time during the coin weigh/count are there fewer than three employees in the count room? (12) Verify by observation.</p> <p>Note: For simultaneous counts of the coin weigh/count proceeds and slot currency acceptor count proceeds (or other revenue center), a minimum of six employees are to be involved – three per count. Upon the acceptance of the proceeds of one of the counts by cage/vault personnel, the number of employees may be reduced to three. The number of employees may also be reduced to three if the counted proceeds (and related documentation) are secured in an area within the count room where only cage/vault personnel can obtain access (e.g., locked in a cabinet) while the three remaining count team members perform other duties/counts. In such a case, the cage/vault personnel are prevented from accessing the proceeds unless three count team members are present (e.g., count team keeps the key to the count room during breaks). (12, Note)</p>				
11. Are all coin, tokens, chips and/or cash inventory stored in the count room secured from unauthorized access at all times? (12)				
12. Is access to the count room during the count restricted to members of the drop and count teams, authorized observers (including auditors and security personnel), supervisors for resolution of problems, authorized maintenance personnel, and personnel performing coin transfers? (12) Verify by observation.				
13. Is the coin count team independent of the slot department and the department responsible for the subsequent accountability of the coin count proceeds unless they are nonsupervisory slot employees (a person below the level of slot shift supervisor) and do not record (e.g., operate the weigh scale) or verify the count? (13) Verify by observation.				
14. Per inquiry, are the personnel who normally perform the coin count independent of the slot department and the subsequent accountability of the coin count proceeds as described in the previous question? (13)				
15. Are the following functions performed in the counting of the coin drop: Verify by observation.				

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Questions	Yes	No	N/A	Comments, W/P Reference
a) The recording function which involves the recording of the coin weigh/count? (14a)				
b) The count team supervisor function which involves the control of the coin weigh and wrap process? (14b)				
c) Is the count team supervisor precluded from performing the initial recording of the coin weigh/count unless the weigh scale generates a report of the scale activity (e.g., weigh scale tape)? (14b)				
16. Is the amount of the coin drop from each slot machine and in total for each denomination recorded in ink on a coin count document by the recorder or does the weigh scale generate a report of the count amount (e.g., weight scale tape)? (15) Verify by observation.				
17. If a weigh scale interface is used, are the coin drop figures transferred via direct communications line or computer storage media to the accounting department? (15) Indicate the method used.				
18. Does the recorder/scale operator and at least one other count team member sign the weigh scale report/coin count document attesting to the accuracy of the coin weigh/count? (16) Verify by observation.				
19. Do at least three employees who participate in the coin weigh/count and/or wrap process sign the coin count document or a summary report to attest to their presence and if all other count team members do not sign the coin count document or a summary report, do they sign a supplemental document evidencing their participation in the coin weigh/count and/or wrap? (17) Verify by observation.				
20. Are the coins wrapped and reconciled in a manner which precludes the commingling of the current coin drop with coin from the next coin drop? (18) Verify by observation.				
21. If the coins are not wrapped immediately after being weigh/counted, are they secured and not commingled with any other coin? (18) Verify by observation.				

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Questions	Yes	No	N/A	Comments, W/P Reference
22. Is bagged coin, if applicable, meter counted and is each bag sealed and labeled with the dollar amount contained in the bag unless bags with pre-established, fixed dollar amounts and denominations are used (e.g., orange bags are only used for \$500 of quarters)? (19) Verify by observation.				
23. Is the wrapping of the coin drop performed by a minimum of two employees until the proceeds have been accepted in the cage/vault accountability? (20) Verify by observation. Note: If the coin count is conducted with a continuous mechanical count meter which is not reset during the count and is verified in writing by at least three employees at the start and end of each denomination count, then one employee may perform the wrap. (20)				
24. If the coins are transported off the property, is a second (alternative) count procedure performed before the unwrapped coins leave the property and if any variances are noted are they documented? (21) Verify by observation.				
25. Are coin transfers out of the count room during the coin count and wrap process allowed? (22) If yes, answer the next two questions. If no, mark these as N/A.				
26. If transfers are permitted during the count and wrap, is each transfer recorded on a separate multi-part form used solely for coin count transfers during the count? (22) Verify by observation.				
27. Are coin transfers, if applicable, counted and are the transfer forms signed by at least two members of the count team and by someone independent of the count team with at least one part of the transfer form remaining in the count room until all the coin drop has been accepted into cage/vault accountability and with the other part of the transfer form accompanying the funds being transferred from the count room? (23) Verify by observation.				
28. Are corrections to any coin count documentation and transfer forms made by crossing out the error, entering the correct figure, and then obtaining the signatures or initials of at least two count team members who verified the change? (24) Verify by examination.				

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Questions	Yes	No	N/A	Comments, W/P Reference
29. If a weigh scale interface is used, are corrections to the coin count data made using one of the following methods: Verify by examination.				
a) Are they made by crossing out the error on the document, entering the correct figure, obtaining the signatures or initials of at least two count team members who verified the change, and then does an employee independent of the slot department and count team enter the correct figure into the computer system prior to the generation of the related slot reports? (24a) , or				
b) Are they made in the computer system during the count process by entering the correct figure in the computer system and entering the passwords of at least two count team members and if this procedure is used, is an exception report generated by the computer system identifying the slot machine number, the error, the correction and the count team members attesting to the propriety of the correction? (24b)				
<u>Non-Segregated Coin Room</u>				
30. Does the count room serve as a coin room with the coin room inventory not being secured so as to preclude access by the count team? If yes, answer the questions relating to MICS #'s 25 and 26. If no, mark these questions as N/A.				
31. At the commencement of the coin count are the following requirements met:				
a) Is the coin room inventory counted by at least two employees, one of whom is a member of the count team and the other who is independent of the coin weigh/count and wrap process? (25a)				
b) Is the above count recorded on an appropriate inventory form? (25b) Verify by examination.				
32. Upon completion of the wrap of the coin drop, are the following requirements met: Verify by observation.				
a) Do at least two members of the count (wrap) team, independently from each other, count the ending coin room inventory? (26a)				

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b) Are the final count figures, in total and by denomination, recorded on a summary report(s) which evidences the calculation of the final wrap by subtracting the beginning inventory from the sum of the ending inventory and transfers in and out of the coin room? (26b)				
c) Prior to the verification of the count by cage/vault personnel, do the same count team members as discussed above, or accounting personnel, compare the final wrap and transfers, if applicable, to the coin weigh/count in total and by denomination, recording the comparison and noting any variances in the summary report? (26c)				
d) Does an employee of the cage/vault department (who is independent of the count team) perform a count of the ending coin room inventory by denomination and reconcile it to the beginning inventory, wrap, transfers and coin weigh/count with any reconciliation variance being documented? (26d)				
e) At the conclusion of the reconciliation, do at least two count/wrap team members and the cage/vault employee who assumes accountability of the proceeds sign the summary report(s), or other reconciling document, attesting to its accuracy thereby ending the count? (26e)				
<u>Segregated Coin Room</u>				
33. Is the count room segregated from the coin room, or if the coin room is used as a count room, is the inventory secured to preclude access by the count team? If yes, answer the questions relating to MICS #27. If no, mark these as N/A.				
34. Upon completion of the wrap of the coin drop, are the following procedures performed: Verify by observation.				
a) Do at least two members of the count/wrap team count the final wrapped slot drop independently from each other? (27a)				
b) Are the final count figures, in total and by denomination, recorded on a summary report? (27b)				

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c) Prior to the verification of the count by cage/vault personnel, do the same count team members as discussed above, or accounting personnel, compare the final wrap and transfers, if applicable, to the coin weigh/count in total and by denomination, recording the comparison and noting any variances in the summary report? (27c)				
d) Does an employee of the cage/vault department (who is independent of the count team) perform a count of the wrapped coin drop by denomination that is being turned over to the cage/vault accountability and reconcile it to the coin drop amount recorded on the summary report, less any transfers, if applicable, with any variances being reconciled and documented? (27d)				
e) At the conclusion of the reconciliation, do at least two count team members and the cage/vault employee, who assumes accountability of the coin drop proceeds, sign the summary report, or other reconciling document, attesting to its accuracy thereby ending the count? (27e)				
f) Are the wrapped coins (exclusive of proper transfers) transported to the cage or vault after the reconciliation of the coin weigh/count to the wrap? (27f)				
<u>Coin Count Completion and Documentation</u>				
35. Are large (by denomination, either \$1,000 or 2% of the drop, whichever is less) or unusual (e.g., zero for weigh count or patterned for all counts) variances between the coin weigh/count and wrap investigated by management personnel independent of the slot department, count team and the cage/vault functions before the start of the next coin drop and count and are the results of such investigations documented and maintained? (28) Verify by examination.				

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Questions	Yes	No	N/A	Comments, W/P Reference
36. Are all coin weigh/count count and wrap documentation, including coin drop transfer forms and any applicable computer storage media, promptly delivered to the accounting department by a count team member or someone other than a cage/vault employee or are these documents adequately secured (e.g., locked container to which only accounting personnel can gain access) to preclude cage personnel from accessing the documents until they are retrieved by the accounting department? (29) State the method used.				
37. Does the count team not have access to the coin drop amounts per the slot machine meters until after the count is completed and the drop proceeds have been accepted into cage/vault accountability? (30) Verify by observation. Note: A count team member is allowed to read/record the amount from the coin drop meters as long as the count team members do not have knowledge of the dollar amount of coin contained in the coin drop buckets pursuant to the coin drop meters during the count process. (30)				
<u>Equipment Standards</u>				
38. Is the weigh scale calibration module physically secured so as to prevent unauthorized access and recalibration (e.g., prenumbered seal, lock and key, etc.)? (4) Indicate the method used.				
39. Is someone independent of the cage, vault, and slot departments, and the count team required to be present whenever the calibration module is accessed and is such access documented and maintained? (5) Indicate who. Indicate the nature of the documentation.				
40. If a weigh scale interface is used, is it adequately restricted so as to prevent unauthorized access (passwords, keys, etc.)? (6) Indicate how it can be accessed and who may access it.				
41. If the weigh scale has a zero adjustment mechanism, is it either physically limited to minor adjustments (e.g., weight of a bucket) or physically situated such that any unnecessary adjustments to it during the weigh process would be observed by other count team members? (7) Indicate the method.				

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<p>42. Are unannounced weigh scale and weigh scale interface (if applicable) tests, with all denominations of coin and tokens weighed by the weigh scale being tested, performed by someone who is independent of the cage, vault and slot departments and the count team on at least a quarterly basis with the test results being documented and maintained? (8) Review the last test(s) results. Indicate the date of the last test, who performed the test and the results of the test.</p> <p>Note: The tests are separate from the two tests completed for internal audit purposes pursuant to the Board's Internal Audit Compliance Checklists; however, internal audit may complete all the tests. (8, Note)</p>				
<p>43. Immediately prior to the coin count do at least two count team members verify the accuracy of the weigh scale with varying weights or with varying amounts of previously counted coin for each denomination accepted by slot machines to ensure the scale is properly calibrated and are the test results documented and maintained? (9) Verify by examination.</p> <p>Note: Varying weights/coin from drop to drop is acceptable. (9)</p>				
<p>44. If a mechanical coin counter is used (instead of a weigh scale), are test procedures performed that are equivalent to those described in MICS #8 and #9? (10) Verify by observation.</p>				
Written System of Internal Control				
<p>45. Has the licensee's written system of internal control for the slots coin drop and count been re-read prior to responding to the following question?</p>				
<p>46. Does the written system of internal control for the slots coin drop and count 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? [Regulation 6.090(13)]</p>				
<p>47. Obtain a copy of the count sheet summary totals for inclusion in the workpapers.</p>				
<p>48. Complete the CPA MICS Compliance Checklist for Slots Key Controls.</p>				

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