

State of Nevada
Gaming Control Board

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| Auditor's Name and Date |
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CPA MICS Compliance Checklist

PARI-MUTUEL

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 pari-mutuel operations are in compliance with the Pari-Mutuel MICS.

| 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 Pari-Mutuel, Version 6.

Minimum Internal Control Standard Notes

- Note 1: The term "betting kiosk" as used in these MICS refers to a "self activated machine" that patrons use to place wagers and is considered a writer/cashier station. MICS applicable to writers/cashiers (or writer/cashier stations) are also applicable to a betting kiosk unless otherwise stated within the MICS.
- Note 2: The term "voucher" as used in these MICS refers to a printed wagering instrument, usually issued for use in a betting kiosk, with a fixed dollar wagering value and is redeemable for cash or cash equivalents. Unredeemed vouchers that were issued as payment for winning wagers are treated the same as unpaid winning wagers for revenue purposes (i.e., purged vouchers are included in gross revenue).
- Note 3: A pari-mutuel book must also comply with the Race and Sports MICS when not in conflict with, and if applicable to, the pari-mutuel operation.
- Note 4: The term "operator of a call center" as used in these MICS has the same meaning as in Regulation 26C.
- Note 5: The term "hub" as used in these MICS refers to the Nevada pari-mutuel systems operator used by pari-mutuel race books for commingling wagers with race tracks.
- Note 6: These MICS apply to satellite and outstation books (as defined in Regulation 22) unless otherwise stated within the MICS.
- Note 7: 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 8: 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 pari-mutuel section of the written system of internal control pursuant to Regulation 6.090.

Verified per representation.
Verified per observation/examination.

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| Questions | Yes | No | N/A | Comments, W/P Reference |
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| 1. Has the licensee's written system of internal control for pari-mutuel been read prior to the completion of this checklist to obtain an understanding of the licensee's pari-mutuel operation? | | | | |
| <u>Wagering Standards</u> | | | | |
| 2. Are all pari-mutuel wagers transacted through the pari-mutuel computer system? (1) Note: In case of computer failure between the pari-mutuel book and the hub, no tickets may be manually written. (1) | | | | |
| 3. Whenever a betting station is opened/closed for wagering or turned over to a new writer/cashier, does the writer/cashier sign on/off and does the pari-mutuel computer system create a record indicating the station number, the fact that the station was opened/closed, the writer's/cashier's identity, and the date and time? (2) Verify by examination. | | | | |
| 4. If the licensee is a "pari-mutuel only" book, are nonpari-mutuel wagers prohibited? (3) | | | | |
| 5. Are pari-mutuel race wagers not accepted after the occurrence of post time as defined in Regulation 26A? (4) | | | | |
| 6. Upon accepting a wager, is a record of the wager created in the pari-mutuel computer system which contains: Verify by examination. | | | | |
| a) Ticket number? (5) | | | | |
| b) Date and time? (5) | | | | |
| c) Terms of the wager ("ticket description") which include the event/racing meet (or race track), event/race number, event/race date, wager selection (e.g., horse number), type of wager (e.g., win, place and show, etc.) and dollar amount wagered? (5) | | | | |
| 7. Is the above record of wager documented as follows: Verify by examination. | | | | |
| a) An original betting ticket that includes the book's name and address which is printed and given to the patron? (5a) Note: If a wager is placed using communications technology an original betting ticket does not need to be created. Regulation 26C.160(8) requires that all wagering communications shall be electronically recorded (separate from pari-mutuel computer system) and retained for a period of 60 days. | | | | |

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| b) A restricted computer system record which is created concurrently with the generation of the original betting ticket and is not accessible to book employees except for inquiry only functions? (5b) | | | | |
| 8. If a book voids a betting ticket: | | | | |
| a) Is a void designation immediately branded by the pari-mutuel computer system on the ticket with the computer system updated to reflect the void transaction? (6a) or | | | | |
| b) If the ticket is not branded by the computer as indicated in the preceding question, is the ticket voided manually in the computer system by entering or scanning the ticket number to update the computer system to reflect the void transaction and then immediately writing/stamping a void designation on the original ticket? (6a) Indicate the method used. | | | | |
| c) Are all voids signed by the writer/cashier and a supervisor (who did not write the ticket) at the time of the void? (6b) Note: The supervisor may be from another gaming department. For satellite books the second signature can be a supervisor of the host property. (6b) | | | | |
| d) Are not-in-computer voids prohibited or, if not-in-computer voids are permitted, is the date and time at which the ticket was voided stamped on the original and are no adjustments made to gross revenue? (6c) Indicate the method used. | | | | |
| e) If the original ticket is unavailable (e.g., printer malfunction) is a document created to reflect the void transaction? (6 Note) | | | | |
| <u>Payout Standards</u> | | | | |
| 9. Prior to patrons receiving payouts on winning tickets, are event/race results entered into the pari-mutuel computer system for computerized grading of all wagers? (7) | | | | |
| 10. Are unpaid winning ticket and voucher reports restricted to authorized personnel independent of the race and sports book? (7) | | | | |

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| <p>11. Do vouchers issued by the pari-mutuel computer system (including through betting kiosks) include the voucher number, the book's name and address, the date and time and dollar amount? (8) Verify by examination.</p> <p>Note: Applies to vouchers issued as payment for winning wagers, "change due" from a wager transaction, and as a result of a purchase of a voucher. (8)</p> | | | | |
| <p>12. Prior to making a payment on a ticket/voucher or crediting the winnings to the patron's wagering account:</p> | | | | |
| <p>a) Does the cashier enter or scan the ticket/voucher number into the pari-mutuel computer system to authorize the payment; (9a) or</p> | | | | |
| <p>b) For wagering account wagers, does the computer system automatically authorize payment of winning wagers and update the patron's wagering account when the event results are posted in the pari-mutuel system? (9b)</p> | | | | |
| <p>13. After scanning by the writer/cashier, does the pari-mutuel system brand winning tickets/vouchers with a paid designation, the amount of the payment and date, or if a writer/cashier manually enters or scans the ticket/voucher number into the pari-mutuel computer system, does the writer/cashier either immediately write or stamp the date, amount of payment and a paid designation on the patron's ticket/voucher or attaches to the patron's copy a computer system "paid" ticket which indicates a paid designation, ticket/voucher number, the amount of payment and date? (10) Indicate the method used.</p> | | | | |
| <p>14. Is the pari-mutuel computer system incapable of authorizing payment on a ticket/voucher which has been previously paid, a voided ticket/voucher, a losing ticket, or an unissued ticket/voucher? (11)</p> <p>Note: This question should be answered by testing the system, if possible.</p> | | | | |
| <p>15. In the case of pari-mutuel computer system failure, tickets may be paid. In those instances where a system failure has occurred and tickets are manually paid, is a log maintained which includes:</p> <ul style="list-style-type: none"> • the date and time of the system failure; • the reason for the failure; and • the date and time the system is restored? (12a-c) | | | | |

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| 16. For all payouts that are made without pari-mutuel computer system authorization, after the manual grading of the ticket, is the date and time stamped on the patron's copy, and the amount of the payment and a paid designation written (or stamped) on the patron's copy of the ticket/voucher? (13) | | | | |
| 17. For those payouts made without pari-mutuel computer system authorization (i.e., system inoperative) are the following procedures performed: | | | | |
| a) Before completing the payout, does the book manager or other authorized supervisory personnel review the documentation supporting and explaining the payouts, as evidenced by signature on the ticket/voucher? (14a) | | | | |
| b) Once the pari-mutuel computer system is operative, does an individual immediately enter all manually paid tickets/vouchers into the system to verify the accuracy of the amount paid for the tickets/vouchers and the manual grading of the tickets? (14b) Note: Any manually paid tickets that had been previously purged from the pari-mutuel computer system do not need to be entered into the system. (14b) | | | | |
| <u>Wagering Accounts</u> | | | | |
| 18. Are procedures for pari-mutuel horse race wagering accounts pursuant to the requirements of Regulation 26C delineated within the pari-mutuel section of the internal control system and include, as applicable, but not limited to: Verify by examination. | | | | |
| a) The creation and maintenance of documents related to the establishment of pari-mutuel horse race wagering accounts with patrons residing both outside the borders of Nevada and within the borders of Nevada? (15a) | | | | |
| b) The acceptance of wagers including, but not limited to: | | | | |
| i) Method of wagering communications? (15b1) | | | | |
| ii) Wagering account transactions documentation (creation and maintenance thereof)? (15b2) | | | | |
| iii) Prior to accepting a wager, reasonable assurance that the patron is located within the borders of a state or foreign jurisdiction in which pari-mutuel horse wagering is legal and that state or foreign jurisdiction does not otherwise restrict wagering on wagering accounts outside its borders? (15b3) | | | | |
| c) Closing wagering accounts? (15c) | | | | |
| d) When an operator of a call center is utilized, do procedures established by the book address, as applicable: | | | | |

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| i) The reconciliation of wagering account deposits handled by the operator of a call center including the comparison of the daily wagering account deposit recorded in the pari-mutuel computer system to the amount transferred to the book (e.g., deposited into the book's bank account)? (15d1) | | | | |
| ii) The division of the responsibilities between the operator of a call center and the book including what transactions/procedures will be handled by the book and the call center? (15d2) | | | | |
| 19. Is supervisory approval required to access a patron's wagering account when patron wagering, deposit or withdrawal activity has not occurred within the wagering account for more than 180 days? (16) | | | | |
| <u>Checkout Standards</u> | | | | |
| 20. Does the pari-mutuel computer system indicate the amount of net cash that should be in each writer/cashier station and is a supervisor required to access this information? (17) Verify by examination. | | | | |
| Testing of the summary report is required, as applicable. Select one summary report for 2 days. Test days must be in non-consecutive months. Indicate test dates selected and results of testing. | | | | |
| For each writer/cashier station is a summary report completed at the conclusion of each shift that includes the following: | | | | |
| a) The computation of cash turned in for the shift and any variances between the cash turn-in and the amount that the pari-mutuel computer system indicates should be in each station? (18a) | | | | |
| b) Signature of two employees who have verified the cash turned in for the shift? (18b) | | | | |
| 21. Are the above procedures in MICS #18 also performed whenever there is a change of writer/cashier at a station during a shift? (18 Note 1) | | | | |
| 22. In the case above, when there is a change of writer/cashier at a station during a shift, does the cash summary report for the shift reflect for each writer/cashier and each station the amount of cash turn-in and any variances between the cash turn-in and the amount of net cash that the pari-mutuel computer system indicates should be in each writer/cashier station? (18 Note 1) | | | | |

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| Note 2: MICS #18 does not apply to areas outside the race and sports book area (e.g., casino cage) that cash tickets. | | | | |
| Note 3: MICS #18 does not apply to betting kiosks. | | | | |
| Note 4: Alternatively, MICS #17 and #18 may be performed for each writer/cashier rather than each writer/cashier station. | | | | |
| 23. For each betting kiosk: | | | | |
| a) At least weekly, are all winning tickets and vouchers in the kiosk removed by a minimum of two employees? (19a) | | | | |
| b) At least weekly, do a minimum of two employees remove all cash from the kiosk, count the cash and document the count? (19b) | | | | |
| c) Whenever employees remove winning tickets or vouchers from a kiosk, or cash is removed from or inserted into a kiosk, are kiosk reports generated from the kiosk regarding kiosk transactions and accountability? (19c) | | | | |
| d) At least weekly and whenever employees remove winning tickets, vouchers or cash from a kiosk, are the kiosk transactions reconciled by race and sports book or accounting employees as follows: all the cash remaining in each kiosk is reconciled to the cash loaded into the kiosk plus/minus cash transactions? (19d) | | | | |
| e) Are kiosk reports compared to the transactions recorded by the pari-mutuel computer system with variances documented and investigated? (19d) | | | | |
| f) Are winning tickets and vouchers ultimately delivered to the accounting department? (19e) | | | | |
| Computer Reports Note 1: Documentation equivalent to the following must be prepared for satellite books on a "per book" basis. (Note after Computer Reports heading) Note 2: Wagers placed using communications technology can be included in the documentation of the central site book that accepted and recorded the patron's wager. Such procedures are to be delineated within the pari-mutuel section of the internal control system pursuant to Regulation 6.090. (Note after Computer Reports heading) | | | | |
| 24. Is adequate documentation of all pertinent pari-mutuel information generated by the pari-mutuel computer system? (20) | | | | |

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| 25. Is the above documentation restricted to authorized personnel? (21) | | | | |
| 26. Is the generation of end-of-day pari-mutuel computer system reports performed by or observed by an employee from a department independent of the race and sports book department? (21) | | | | |
| 27. Does each report indicate the date, book's name (or other identifier), and title of report? (21) | | | | |
| Note: As used in MICS #22 and #23 pari-mutuel computer system report descriptions, the term "ticket description" refers to the terms of the wager as described in MICS #5. (Note before 22) | | | | |
| 28. Is the pari-mutuel system documentation created daily and does it include, at a minimum, the following reports: Testing of system reports is required, as applicable. Select one of each report for 2 days. Test days must be in non-consecutive months. Indicate test dates selected and results of testing. | | | | |
| a) Transaction report which lists, by writer/cashier station, for each ticket sold, voided (tickets cancelled) and paid out (including refunds): | | | | |
| i) Ticket number? (22a) | | | | |
| ii) Transaction time? (22a) | | | | |
| iii) Writer/cashier station number? (22a) | | | | |
| iv) Writer/cashier number? (22a) | | | | |
| v) Ticket description? (22a) | | | | |
| vi) Amount of transaction? (22a) | | | | |
| b) Does the transaction report also list, by writer/cashier, and in total: | | | | |
| i) Amount of sales (write and vouchers issued)? (22a) | | | | |
| ii) Voids? (22a) | | | | |
| iii) Payouts (including vouchers redeemed)? (22a) | | | | |
| Note: The transaction report may be a combination of more than one report (e.g., one for write and one for payouts). Wagering account transactions may be in separate wagering account transaction reports. | | | | |
| c) Session sales summary which lists, for each meet, each race and in total by meet and for all meets: | | | | |

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| i) Session gross sales? (22b) | | | | |
| ii) Cancels? (22b) | | | | |
| iii) Cancels from previous session sales? | | | | |
| iv) Total sales? (22b) | | | | |
| v) Total sales from previous session? (22b) | | | | |
| vi) Total sales for the session and the previous session combined? (22b) | | | | |
| vii) Refunds? (22b) | | | | |
| viii) Net Sales? (22b) | | | | |
| Note: A "session" is a 24-hour day. (22b) | | | | |
| d) Race prices report (i.e., Public Results Report) which lists, for each meet's race: | | | | |
| i) Race date? (22c) | | | | |
| ii) Race number? (22c) | | | | |
| iii) Winners (e.g., horse identification)? (22c) | | | | |
| iv) Payout amounts for the different types of wagers? (22c) | | | | |
| e) Cashed tickets report which lists, by meet, the tickets cashed including: | | | | |
| i) Ticket number? (22d) | | | | |
| ii) Writer/Cashier (or station number)? (22d) | | | | |
| iii) Ticket description? (22d) | | | | |
| iv) Amount of net dividend (amount of payout)? (22d) | | | | |
| f) Does the cashed tickets report also list: | | | | |
| i) Total amount of net dividends by meet? (22d) | | | | |
| ii) Grand total amount of net dividends for all meets? (22d) | | | | |
| Note: The cashed tickets report may be combined with the transaction report. (22d) | | | | |

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| g) Vouchers sold and redeemed report which lists by writer/cashier station, for each voucher sold (issued) and redeemed (cash): | | | | |
| i) Voucher number? (22e) | | | | |
| ii) Transaction (i.e., sold/cashed)? (22e) | | | | |
| iii) Transaction time? (22e) | | | | |
| iv) Writer/cashier station number? (22e) | | | | |
| v) Writer/cashier number ? (22e) | | | | |
| vi) Amount of voucher? (22e) | | | | |
| h) Does the vouchers sold and redeemed report also list by writer/cashier station, and in total for all writer/cashier stations: | | | | |
| i) Amount of vouchers sold? (22e) | | | | |
| ii) Amount of vouchers redeemed? (22e) | | | | |
| Note: The vouchers sold and redeemed report may be combined with the transaction report. (22e) | | | | |
| i) Refund ticket report which lists for the day (session), for each ticket refunded: | | | | |
| i) Ticket number? (22f) | | | | |
| ii) Ticket description? (22f) | | | | |
| iii) Session? (22f) | | | | |
| iv) Refund amount? (22f) | | | | |
| v) Total of all refunds? (22f) | | | | |
| Note: The race and race number is not required to be identified on the refund tickets report if the transaction is reflected in the cashed ticket report or transaction report. (22f) | | | | |
| j) Teller detail report which lists, by writer/cashier and in total: | | | | |
| i) Tickets sold? (22g) | | | | |
| ii) Tickets cashed? (22g) | | | | |
| iii) Tickets canceled? (22g) | | | | |

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| iv) Returns? (22g) | | | | |
| v) Draws? (22g) | | | | |
| vi) Vouchers sold? (22g) | | | | |
| vii) Vouchers cashed? (22g) | | | | |
| viii) Wagering account deposits? (22g) | | | | |
| ix) Wagering account withdrawals? (22g) | | | | |
| x) Wagering account tickets sold? (22g) | | | | |
| xi) Wagering account tickets cashed? (22g) | | | | |
| xii) Amount of over/short? (22g) | | | | |
| k) Teller balance report which lists for the day (session), by writer/cashier and in total: | | | | |
| i) Tickets/vouchers sold? (22h) | | | | |
| ii) Tickets/vouchers cashed? (22h) | | | | |
| iii) Tickets canceled? (22h) | | | | |
| iv) Wagering account deposits? (22h) | | | | |
| v) Wagering account withdrawals? (22h) | | | | |
| vi) Draws (funds added to stations' accountability)? (22h) | | | | |
| vii) Returns (funds removed from stations' accountability)? (22h) | | | | |
| viii) Computed cash turn-in? (22h) | | | | |
| ix) Actual cash turn-in? (22h) | | | | |
| x) Amount of over/short? (22h) | | | | |
| Note: The teller balance report may include wagering account deposits in the "sold" amount and withdrawals in the "cashed" amount. (22h) | | | | |
| l) Futures reconciliation report which lists the amount, by date of event/race for today and future event dates: | | | | |
| i) Wagers written on previous days (previous write)? (22i) | | | | |

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| ii) Wagers written today on future events (write today or future write)? (22i) | | | | |
| iii) Wagers written on previous days refunded today (previous canceled today)? (22i) | | | | |
| iv) Wagers written on previous days for today's event/race (futures back-in)? (22i) | | | | |
| v) Total remaining wagers written for events/races in the future (net write)? (22i) | | | | |
| m) Futures back-in ticket detail report which lists the tickets written on previous days for events/races occurring today, by racing meet, including: | | | | |
| i) Ticket number? (22j1) | | | | |
| ii) Ticket description? (22j1) | | | | |
| iii) Date of event/race? (22j1) | | | | |
| iv) Total amount of wagers written on previous days for today's event/race? (22j1) | | | | |
| n) Future ticket detail report which lists the tickets written on previous days and today for events/races in the future, by date of event/race and by event/race, including: | | | | |
| i) Ticket number? (22j2) | | | | |
| ii) Ticket description? (22j2) | | | | |
| iii) Date of event/race? (22j2) | | | | |
| iv) Totals of wagers by event/race and by date of event/race and for all tickets? (22j2) | | | | |
| o) Unpaid winners detail ticket report (i.e., Outsbook tickets) which lists the unexpired, winning tickets that have not been paid including: | | | | |
| i) Event/race date? (22k1) | | | | |
| ii) Ticket number? (22k1) | | | | |
| iii) Ticket description? (22k1) | | | | |
| iv) Payout amount? (22k1) | | | | |
| v) Total payout amounts? (22k1) | | | | |
| p) Unredeemed voucher detail report which lists the unexpired vouchers that have not been redeemed and includes: | | | | |
| i) Voucher number? (22k2) | | | | |

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| Questions | Yes | No | N/A | Comments, W/P Reference |
|---|-----|----|-----|-------------------------|
| ii) Date of issue? (22k2) | | | | |
| iii) Voucher amount? (22k2) | | | | |
| iv) Vouchers in total? (22k2) | | | | |
| Note: Tickets and vouchers expire when the period of time the book will honor winning wagers/vouchers has lapsed. (22k) | | | | |
| q) Purge detail ticket report which lists the expired, winning tickets that have not been paid, by meet and by ticket number, including: | | | | |
| i) Event/race date? (22i1) | | | | |
| ii) Ticket number? (22i1) | | | | |
| iii) Ticket description? (22i1) | | | | |
| iv) Amount to be paid (net dividend)? (22i1) | | | | |
| r) Does the purge detail ticket report also list the total amount of net dividend by meet and the grand total for all meets? (22i1) | | | | |
| s) Does the purge detail ticket report also list the total amount of payouts to be added back into revenue? (22i1) | | | | |
| t) The purge detail voucher report which lists the expired vouchers that have not been redeemed and include: | | | | |
| i) Voucher number? (22i2) | | | | |
| ii) Date of issue? (22i2) | | | | |
| iii) Voucher amount? (22i2) | | | | |
| u) Does the purge detail voucher report also list the total amount of vouchers to be added back into revenue? (22i2) | | | | |
| Note: Tickets and vouchers expire when the period of time the book will honor winning wagers/vouchers has lapsed. (22i) | | | | |
| v) Daily account wagering detail report which lists by writer/cashier station number, each transaction including: | | | | |
| i) Writer/cashier station number? (22m1) | | | | |
| ii) Wagering account number? (22m1) | | | | |
| iii) Transaction (e.g., wager, deposit, withdrawal)? (22m1) | | | | |

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| iv) Transaction amount? (22m1) | | | | |
| w) Does the daily account wagering detail report also list totals by transaction type? (22m1) | | | | |
| Note: The daily account wagering detail report may be a part of the wagering account transaction report or a combination of reports. | | | | |
| x) Daily account wagering summary report which lists by writer/cashier station number, for wagering accounts with activity for the day, by wagering account and in total: | | | | |
| i) Deposits? (22m2) | | | | |
| ii) Winnings? (22m2) | | | | |
| iii) Cancelled wagers? (22m2) | | | | |
| iv) Wagers? (22m2) | | | | |
| v) Withdrawals? (22m2) | | | | |
| vi) Other adjustments? (22m2) | | | | |
| y) Does the daily account wagering summary report also list totals for: | | | | |
| i) Write? (22m2) | | | | |
| ii) Voids/cancelled? (22m2) | | | | |
| iii) Net Write? (22m2) | | | | |
| iv) Payouts? (22m2) | | | | |
| v) Refunds? (22m2) | | | | |
| vi) Net win? (22m2) | | | | |
| z) Reconciliation report which lists for each meet, each race, and in total for all meets: | | | | |
| i) Net sales? (22n) | | | | |
| ii) Negative breakage? (22n) | | | | |
| iii) Commission? (22n) | | | | |
| iv) Positive breakage? (22n) | | | | |
| v) Paid and unpaid winning wagers (runner pay)? (22n) | | | | |
| vi) Parlay breakage? (22n) | | | | |

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| vii) Deposit? (22n) | | | | |
| aa) Daily recap report which lists for each meet and in total for all meets: | | | | |
| i) Total Write? (22o) | | | | |
| ii) Refunds? (22o) | | | | |
| iii) Net Write? (22o) | | | | |
| iv) Payouts paid today for events on previous days (outs paid today)? (22o) | | | | |
| v) Payouts from wagers written today and paid today (today's total paid or current payouts)? (22o) | | | | |
| vi) Unpaid winners from event/race occurred today (today's outs or current unpaids)? (22o) | | | | |
| vii) Total amount paid today (total paid today)? (22o) | | | | |
| viii) Unpaid winners and unredeemed vouchers expired today (outs purged today or unpaids to revenue)? (22o) | | | | |
| ix) Beginning and ending unpaid winners? (22o) | | | | |
| x) Unredeemed voucher balances (previous outs and total outs)? (22o) | | | | |
| bb) Exception history report which lists for the day (session) pari-mutuel computer system function exceptions including, but not limited to, sign-on/offers and supervisor cancels. For each exception, is the following information included: | | | | |
| i) Exception time? (22p) | | | | |
| ii) Employee involved? (22p) | | | | |
| iii) Dollar amount (if applicable)? (22p) | | | | |
| cc) Void exception report (i.e., Cancelled Tickets Report) which lists for the day: | | | | |
| i) Ticket number? (22q) | | | | |
| ii) Date and time of the void? (22q) | | | | |
| iii) Station number? (22q) | | | | |
| iv) Writer/cashier voiding the ticket? (22q) | | | | |

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| v) Supervisor authorizing the void? (22q) | | | | |
| vi) Ticket description? (22q) | | | | |
| 29. Is the pari-mutuel computer system documentation for wagering account activity created on demand, and does it include, at a minimum for a time period of a day, month, year and two-year cumulative basis: (23) | | | | |
| a) Wagering account activity detail report that lists, by wagering account and in total for all wagering accounts: (23a) | | | | |
| i) Wagering account number? (23a) | | | | |
| ii) Beginning balance? (23a) | | | | |
| iii) Each deposit (date and amount)? (23a) | | | | |
| iv) Wagers and void wagers (ticket number, transaction date and time, and ticket description) (23a) | | | | |
| v) Winning wagers and refunds (ticket number, transaction date and time, ticket description and payout amount)? (23a) | | | | |
| vi) Net wagering activity? (23a) | | | | |
| vii) Withdrawals (date and amount)? (23a) | | | | |
| viii) Adjustments (date and amount)? (23a) | | | | |
| ix) Ending balance? (23a) | | | | |
| b) Wagering account activity summary report that lists, by wagering account and in total, for all wagering accounts: (23b) | | | | |
| i) Wagering account number? (23b) | | | | |
| ii) Patron's name? (23b) | | | | |
| iii) Book's name? (23b) | | | | |
| iv) Beginning balance? (23b) | | | | |
| v) Deposits? (23b) | | | | |
| vi) Wager amount? (23b) | | | | |
| vii) Winning wager amount? (23b) | | | | |

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| viii) Net wagering activity? (23b) | | | | |
| ix) Withdrawals? (23b) | | | | |
| x) Adjustments? (23b) | | | | |
| xi) Ending balance? (23b) | | | | |
| Note 1: All wagering accounts regardless of account balance must be included on the wagering account activity report. (23) | | | | |
| Note 2: Daily, month-to-date, year-to-date, and two-year cumulative amounts may be reflected in separate reports rather than one report. (23) | | | | |
| 30. Is a month-end reconciliation report created and used when computing pari-mutuel gross revenue which lists for each meet, by day, the amount of: (24) | | | | |
| a) Net sales? (24) | | | | |
| b) Negative breakage? (24) | | | | |
| c) Commission? (24) | | | | |
| d) Positive breakage? (24) | | | | |
| e) Paid and unpaid winning wagers (runner pay)? (24) | | | | |
| f) Parlay breakage? (24) | | | | |
| g) Deposit? (24) | | | | |
| 31. Does the month-end reconciliation report list the month-end totals for each meet, and in total? (24) | | | | |
| <u>Accounting/Auditing Standards</u> | | | | |
| Review of documentation evidencing the performance of pari-mutuel accounting/audit standards is required. Select the appropriate documentation to determine that all required procedures are being performed. | | | | |
| 32. Is the pari-mutuel audit conducted by someone independent of the race, sports, and pari-mutuel operations? (25) Note: Such personnel may also perform the audit function for the outstation book of affiliated properties (and vice versa). (25) | | | | |

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| 33. Does an accounting/audit employee examine the daily reconciliation report, compare the sales and paid amounts on the report to the amounts on the daily recap report produced by the pari-mutuel computer system and recalculate the net amount due to or from the hub? (26) | | | | |
| 34. Does an accounting/audit employee reconcile the net amount due to or from the hub with the bank account information regarding transfers to/from the hub at least on a monthly basis? (26) | | | | |
| 35. Do accounting/audit personnel verify daily cash turn-in by comparing the total actual cash turned in to the total cash turn-in amount on the daily teller balance report? (27) Note: Cash turn-in is computed as follows: beginning cash balance, (+) net write, (+) wagering account deposits, (-) payouts net of IRS withholding, (-) wagering account withdrawals, (-) payouts for tickets cancelled, (+) funds added to station (draw), (-) funds removed from station (return), (=) cash turn-in (computed on hand). (27) | | | | |
| 36. For one race/event per day, do accounting/audit personnel verify commissions per the daily reconciliation report by recalculating race/event commissions? (28) | | | | |
| 37. For the track associated with the race/event tested in MICS #28, do accounting/audit personnel verify the daily transfers due to/from the hub by recalculating the deposits? (29) Note: The deposit amount is computed as follows: Net sales, (+) negative breakage, (-) commissions, (-) positive breakage, (-) paid and unpaid winning wagers (accrual payouts), (=) deposit. (29) | | | | |
| 38. Do accounting/audit personnel produce a pari-mutuel track fee report that lists, for each week and for the month, for each track and for all tracks in total, the track fees and adjustments? (30) Note: The book receives from the hub, on a weekly basis, a track fee report that lists for the book, based upon the wagers accepted by the book, the track fees due by track. (30) | | | | |
| 39. Do accounting/audit personnel trace the track/event fees and track/event fee adjustments to the monthly invoices received from the hub? (31) | | | | |
| 40. Do accounting/audit personnel produce a pari-mutuel gross revenue recap report to calculate gross revenue on a daily and month-to-date basis that includes the following totals: | | | | |

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| a) Commission? (32) | | | | |
| b) Positive breakage? (32) | | | | |
| c) Negative breakage? (32) | | | | |
| d) Track/event fees? (32) | | | | |
| e) Track/event fee adjustments? (32) | | | | |
| f) Purged tickets? (32) | | | | |
| g) Gross revenue? (32) | | | | |
| Note: The track/event fees and fee adjustments are included in the recap report in aggregate on a weekly basis. (32 Note) | | | | |
| 41. At least once a quarter, for each betting kiosk, does accounting/audit personnel foot the tickets and the vouchers redeemed for a week and trace the totals to the totals recorded in the pari-mutuel computer system and the related accountability document with all variances investigated and documented by kiosk? (33) Note 1: This procedure may be performed for different kiosks throughout the quarter as long as each kiosk's activity is examined once a quarter. (33) Note 2: This procedure may be performed by non accounting personnel as long as the individual has not performed the reconciliation required by MICS #19. (33) | | | | |
| 42. Daily, do accounting/audit personnel perform the following procedures for payouts made without pari-mutuel computer system authorization at the time of payment: | | | | |
| a) Trace all payouts to the pari-mutuel computer system transaction report or the purged tickets report to verify authenticity of the initial wager? (34a) | | | | |
| b) For payouts subsequently entered into the pari-mutuel computer system by race and sports personnel, compare the manual payout amount to the pari-mutuel computer system amount? (34b) | | | | |
| c) For payouts not entered into the pari-mutuel computer system by race and sports personnel, enter the payout into the pari-mutuel computer system and compare the manual payout amount to the pari-mutuel computer system amount? (34c) | | | | |
| d) If the system is inoperative, manually regrade the ticket to ensure the proper payout amount was made? (34c) | | | | |

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| Note: Appeasement payments (e.g., nonwinning ticket payouts resulting from a customer complaint or employee error) are not deductible from gross revenue. (34) | | | | |
| 43. Do accounting/audit personnel perform the following procedures for each day, unless otherwise indicated: | | | | |
| a) Review all exception reports for propriety of transactions and unusual occurrences (e.g., void authorizations, manually paid tickets, etc.) with the results of investigations into improper transactions and unusual occurrences documented? (35a) 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. | | | | |
| b) For all voided tickets: | | | | |
| i) The pari-mutuel computer system reports which display voided ticket information are examined to verify that tickets were properly voided in the computer system? (35b1) | | | | |
| ii) The voided tickets are examined for a void designation and proper signatures, and for not-in-computer voids, the date and time stamp on the ticket for the time of the void. (35b2) | | | | |
| iii) For a pari-mutuel computer system that prints void tickets, determine that a "void ticket" is attached to the original ticket? (35b3) | | | | |
| c) For one day per week, for one meet, verify all the race results as produced by the pari-mutuel computer system to the results provided by the wire service? (35c) Note: Verifying the results is only required to be performed for one book (an outstation or satellite) when the same pari-mutuel computer system that maintains results information is shared by multiple affiliated books. (35c) | | | | |
| d) For one day per week, regrade 10 paid (cashed) tickets to ensure accuracy and propriety? (35d) | | | | |

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| e) Daily, select a random sample of 5 paid transactions from the pari-mutuel computer system cashed tickets report and trace the transaction to the customer's copy of the paid ticket? (35e) Note: The same transactions selected for MICS #35e examination may be used as part of the sample selected for MICS #35d. (35e) | | | | |
| f) For "pari-mutuel only" books, for one day per week, review all wagers to determine whether any nonpari-mutuel wagers were accepted? (35f) | | | | |
| 44. Monthly, do accounting/audit personnel reconcile gross revenue from the month-end pari-mutuel gross revenue recap report to the general ledger and to the monthly NGC tax return? (36) | | | | |
| 45. Is the reconciliation mentioned in the previous question documented and retained with all variances, including the variance caused by the reduction of pari-mutuel revenue on the NGC tax return due to an allowable tax deduction supported by inter-casino linked system reports, being reviewed, documented and maintained? (36) For one month review the reconciliation to verify the proper completion of the reconciliation and to determine that the variance amount is accurate. Indicate the month/year reviewed and the results of the review. | | | | |
| 46. Quarterly, is an inventory of all sensitive pari-mutuel keys performed and reconciled to the records of keys made, issued and destroyed with an investigation being performed and documented for all keys not accounted for? (37) 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 pari-mutuel book and to access the date and time stamping machines. (37) | | | | |
| 47. Annually, for one day, do accounting/audit personnel perform the following for one writer/cashier station: | | | | |
| a) Foot the wagers on the restricted computer system record and trace to the total produced by the pari-mutuel system? (38a) | | | | |
| b) Foot the customer copy of paid tickets and trace to the total produced by the pari-mutuel computer system? (38b) | | | | |

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| c) Foot cashed (redeemed) vouchers and trace to the total produced by the pari-mutuel computer system? (38c) | | | | |
| 48. At least one day per quarter, do accounting/audit personnel perform the following procedures: | | | | |
| a) Recalculate and verify the change in the unpaid winners and unredeemed vouchers balance to the total purged tickets and vouchers? (39a) | | | | |
| b) If future wagers are accepted, review the pari-mutuel computer system reports to ascertain that future wagers are properly included in write on the day of the event? (39b) | | | | |
| 49. Is documentation (e.g., log, checklist, notation on reports, and tapes attached to original documents) maintained evidencing the performance of pari-mutuel audit procedures, the exceptions noted and follow-up of all pari-mutuel audit exceptions? (40) Verify by examination. | | | | |
| 50. Complete the CPA MICS Compliance Checklist for Information Technology – MICS #1 - #28 | | | | |
| <u>Written System of Internal Control</u> | | | | |
| 51. Has the licensee's written system of internal control for pari-mutuel been re-read prior to responding to the following question? | | | | |
| 52. Does the written system of internal control for pari-mutuel 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)] | | | | |

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