

RACE & SPORTS

Auditor's Name and Date

Internal Audit Compliance Checklist

**RACE AND SPORTS
WALK-THROUGH PROCEDURES**

Licensee: _____ Review Period: _____

NGC Regulation 6.090(15) requires the internal auditor to use guidelines, checklists and other “criteria established by the chairman” in determining whether a Group I licensee is in compliance with applicable statutes, regulations, and Minimum Internal Control Standards (MICS). The use of this checklist satisfies these requirements.

Date of Inquiry	Person Interviewed	Position

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 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 the Board Chairman has granted a MICS variation or the question requires a “no” answer for acceptability. All “N/A” answers require referencing and/or comment, as to the reason the procedure is not applicable. All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up.
- 3) “(#)” refers to the Minimum Internal Control Standards for Race and Sports, Version 8 or to the applicable regulation/statute.
- 4) Procedures for wagering accounts are addressed in both the Race and Sports and Cage and Credit Internal Audit Compliance Checklists and are to be modified and performed, as applicable.
- 5) For licensees utilizing wagering accounts, procedures to be performed for reserve requirements are addressed in the Cage and Credit Internal Audit Compliance Checklist. Modify procedures as necessary.

Scope:

This checklist must be completed once in each fiscal year.

MICS Variations and Regulation Waivers:

Obtain copies of MICS variation and regulation waiver requests and GCB correspondence regarding such requests from appropriate licensee personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment:

Determine if approval has been received for all associated equipment used in the race and sports department. For all unreported associated equipment, cite violations of **Regulation 14.290**. For associated equipment, perform a walk-through of any additional controls on the use of the associated equipment which may be included in the written system of internal control.

Verified per representation

Verified per observation/examination

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Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the workpaper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

Questions	Yes	No	N/A	Comments, W/P Reference
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary.				
2. Complete the CPA MICS Compliance Checklist for Race and Sports Books in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines" and Internal Audit Reporting Requirements "Guidelines".				
Betting Tickets and Acceptance of Wagers				
3. Do all betting tickets bear the name and address of the book? Regulation 22.050				
4. Does the licensee prohibit the acceptance of wagers from a person who the book, agent or employee knows, or reasonably should know, is a messenger bettor or is placing the wager in violation of state or federal law? Regulation 22.060(5)				

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Questions	Yes	No	N/A	Comments, W/P Reference
5. Are all wagering propositions on races or sporting events posted in compliance with Regulation 22.060(7)?				
Nonpari-mutuel Wagers And Payouts				
6. Prior to accepting a nonpari-mutuel wager or making a payout on a nonpari-mutuel winning wager in excess of \$10,000 from other than a "known patron" [Note: The definition of a "known patron" is found in Regulation 22.061(4)], does the book:				
a. Obtain the patron's name? Regulation 22.061(1)(a)				
b. Obtain or reasonably attempt to obtain the patron's permanent address and social security number? Regulation 22.061(1)(b)				
c. Obtain one of the following identification credentials from the patron: 1) Driver's license; 2) Passport; 3) Non-resident alien identification card; 4) Other reliable government issue identification card; or 5) Other picture identification credential normally acceptable as a means of identification when cashing checks? Regulation 22.061(1)(c)				
d. Examine the identification credential obtained to verify the patron's name, and to the extent possible, to verify the accuracy of the address and social security number? Regulation 22.061(1)(d)				

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<p>7. If the book employees accepting the wager and paying the winning wager know a patron, do they verify that the licensee has previously obtained the patron's name and identification credential and that the information is on file and has been updated within the last three years? Regulation 22.061(4)</p> <p>Note: Applies only if the book employee relies on this method of identification. If the employee performs the identification procedures of Regulation 22.061(1), this is a moot point.</p>				
<p>8. Prior to accepting a nonpari-mutuel wager or making a payout on a nonpari-mutuel winning wager in excess of \$10,000, if the book knows a person is placing a wager or receiving a payout on behalf of another person, does the licensee:</p> <p>a. Obtain and record the information in question 6 with respect to all persons placing the wager or receiving the payout? Regulation 22.061(2)</p>				
<p>b. Reasonably attempt to obtain the information in question 6 with respect to all persons for whom the wager was placed or the payout received and record such information to the extent it was obtained? Regulation 22.061(2)</p>				
<p>9. Subsequent to accepting a nonpari-mutuel wager or making a payout on a nonpari-mutuel wager in excess of \$10,000, including those from listed patrons, does the book record or maintain records that include:</p>				

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Questions	Yes	No	N/A	Comments, W/P Reference
a. The patron's name and, if applicable, the agent's name? Regulation 22.061(3)(a)				
b. The patron's address and, if applicable, the agent's address? Regulation 22.061(3)(b)				
c. The patron's social security number and, if applicable, the agent's social security number? Regulation 22.061(3)(c)				
d. A description including any document number of the identification credential examined (or credential information on file for known patrons) and, if applicable, for the agent? Regulation 22.061(3)(d)				
e. The amounts of the wager and payout on the wager? Regulation 22.061(3)(e)				
f. Window numbers or other identification of the locations where the wager and payout on the wager occurred? Regulation 22.061(3)(f)				
g. The times and dates of the wager and payout on the wager? Regulation 22.061(3)(g)				
h. The names and signatures of the book employees accepting or approving the wager and payout on the wager? Regulation 22.061(3)(h)				
i. Any other information as required by the chairman? Regulation 22.061(3)(i)				

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<p>10. Does the book report the wagers and payments on winning wagers required by Regulation 22.061(3) to be recorded, excluding any wagers and payments on winning wagers accepted from "listed patrons," on a "Book Wagering Report"? Regulation 22.061(6)</p> <p>Note: The exclusion of wagering activity by listed patrons applies only to the Book Wagering Report, <i>not</i> to the recording of information pursuant to Regulation 22.061(3).</p>				
<p>11. Per examination of the most recent report, does the report include all of the information required by Regulation 22.061(6), including information required by the Chairman?</p>				
<p>12. Are such reports submitted to the Gaming Control Board no later than fifteen days after the end of the month in which the transaction(s) occurred? Regulation 22.061(6)</p>				
<p>13. Does the licensee file an amended Book Wagering Report if it obtains information to correct or complete a previously submitted report, referencing to the previously submitted report? Regulation 22.061(6)</p>				

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Questions	Yes	No	N/A	Comments, W/P Reference
Multiple Nonpari-Mutuel Wagers				
14. Is each nonpari-mutuel wager made between the book and a patron (or an agent or confederate of the patron) within a monitoring area, in an amount exceeding \$5,000, recorded on a wagering multiple transaction log? Regulation 22.062(2)				
15. Does a book employee monitor and record on a wagering multiple transaction log nonpari-mutuel wagers in amounts less than \$5,000 if he has knowledge that the \$5,000 threshold has been exceeded through a series of non-parimutuel wagers between the book and a patron (or an agent or confederate of the patron)? Regulation 22.062(2)				
16. Is each entry in the wagering multiple transaction log made by the employee accepting or approving the wager, immediately after accepting the wager? Regulation 22.062(3)				

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<p>Note: The requirement to record information for both the patron and agent applies when a book employee knows, or has reason to know, that the individual placing the wager is a confederate or agent of the patron.</p> <p>17. Examine multiple transaction logs currently in the book with entries, or a recent log with entries, and determine if the following are included:</p> <p>a. Description of the patron (or agent), which may include such identifiers as age, sex, race, eye color, hair, weight, height and attire, if the person is present when the wager is accepted? Regulation 22.062(3)(a)</p>				
<p>b. Patron's name and agent's name, if known? Regulation 22.062(3)(b)</p>				
<p>c. Window number or other identification of the location where the wager occurred? Regulation 22.062(3)(c)</p>				
<p>d. Time and date of the wager? Regulation 22.062(3)(d)</p>				
<p>e. Dollar amount of the wager? Regulation 22.062(3)(e)</p>				
<p>f. Signature or electronic signature of the person accepting or approving the wager? Regulation 22.062(3)(f)</p>				

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<p>18. Is one log maintained for each monitoring area? Regulation 22.062(3)</p> <p>Note: If a separate telephone room exists apart from the regular write area (such as a central site book) and this room is not operated by individuals who accept wagers, the room may be considered a separate monitoring area.</p>				
<p>19. Is a log completed for each designated 24-hour period regardless of whether any nonpari-mutuel wagers occurred? Regulation 22.062(3)</p> <p>Note: The book's designated 24-hour period ends at midnight each day unless otherwise approved by the chairman. Regulation 22.062(7)(a)</p>				
<p>20. At the end of each designated period, is an entry made in the log to indicate that the end of the 24-hour period has occurred? Regulation 22.062(3)</p> <p>Note: This should be a comment such as "end of day." The purpose is to be able to distinguish any transactions that were added after the fact from those which were recorded immediately after the transactions occurred.</p>				

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Questions	Yes	No	N/A	Comments, W/P Reference
21. To determine if the \$10,000 threshold has been exceeded, does the book aggregate all wagers that are nonpari-mutuel wagers between the book and the patron (or a person who book employees know is an agent or confederate of the patron) in excess of \$5,000 and those wagers in amounts of \$5,000 and less, when a book employee has knowledge of the wagers, during a designated 24-hour period within a monitoring area? Regulation 22.062(4)				
22. Prior to completing a wager that, when aggregated with other wagers pursuant to Regulation 22.062(4) , will aggregate to an amount that will exceed \$10,000, does the book complete the identification and recordkeeping requirements described in Regulation 22.061(1) ? Regulation 22.062(5)				
23. When aggregated wagers exceed \$10,000, does the book complete the recording and reporting requirements of Regulation 22.061 ? Regulation 22.062(5)				
24. If a patron whose wagers were required to be recorded pursuant to Regulation 22.061 or Regulation 22.062(4) makes an additional wager during the designated 24-hour period, does the book complete the identification, recordation and reporting procedures described in Regulation 22.061 for any such additional wagers, regardless of amount? Regulation 22.062(6)				

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Questions	Yes	No	N/A	Comments, W/P Reference
25. If the chairman has imposed upon this book the identification, recordkeeping and reporting requirements of Regulation 22.061 and 22.062 for pari-mutuel wagers, is the licensee complying with the requirements as described in the notification letter? Regulation 22.065				
Parlay Card Wagers				
26. Do parlay card wagering forms disclose all the information required by Regulation 22.090 ?				
Other Wagering Events				
27. For any event other than a horse race, greyhound race, or an athletic sports event, has the Board approved in writing that the book may accept such a wager on the event? Regulation 22.120(1)(e) Note: All such events that are approved are to be posted on the Board's website. Regulation 22.120(6)				
Communications Technology				
28. Has written approval been received from the Board for any communications technology on the premises of the book? Regulation 22.130				
29. Has written approval of the chairman been obtained to accept wagering communications? Regulation 22.130(2)				
30. Is communications technology only used as approved for that purpose? Regulation 22.130(2)				

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Questions	Yes	No	N/A	Comments, W/P Reference
31. Annually, has the chairman's approval been obtained to continue using the communications technology? Regulation 22.130(2)				
32. Are all wagering communications electronically recorded and retained for a period of 60 days? Regulation 22.140(8)				
33. Before a book accepts a wagering communication, or a call center accepts a wagering instruction, on any sporting event wager, nonpari-mutuel race wager, or any other event wager, the following must occur:				
a) Does the book register patrons and create wagering accounts in accordance with Regulation 5.225, except as follows: Regulation 22.140(6)(a)				
b) Does the patron either personally appear before employees of the licensee at which the book is located as provided in subsection 7 of Regulation 5.225 or before an employee of the book at the premises of the book or, for central site books, at an outstation, satellite or affiliated book for purposes of presenting a government issued picture identification credential to confirm the patron's identity? Regulation 22.140(6)(a)(1)				

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<p>c) Has the book received approval from the chairman to have its employees register and create wagering accounts for patrons, including inspecting a patron's government issued picture identification credential to confirm their identity as required by subsection 7 of Regulation 5.225, outside the premises of the book? Regulation 22.140(6)(a)(2)</p> <p>Indicate date of chairman approval.</p> <p>Note: Refer to Regulation 22.140(6)(a)(2) for details of what must be included in the request. Additionally, wagering accounts may not be created pursuant to such marketing plan outside the State of Nevada.</p>				
<p>d) Before registering a patron for a wagering account, does the book have the patron affirm that the patron has been informed and acknowledges that:</p>				
<p>i) Patrons are prohibited by law from placing sports wagers, nonpari-mutuel race wagers, and other event wager wagers from outside Nevada and that the book is prohibited from accepting such wagers? Regulation 22.140(6)(b)(1)</p>				

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ii) With regard to pari-mutuel horse race wagers, a race book may only accept off-track pari-mutuel horse race account wagers pursuant to the provisions of regulation 26C? Regulation 22.140(6)(b)(2)				
e) For a business entity patron, does the patron provide an employee of the book with the information required pursuant to NRS 463.800 before the book registers and creates a wagering account for the patron and does the employee record such information? Regulation 22.140(6)(c)				
34. For event wagers accepted from another book, does the authorized employee of the other book personally appear at the premises of the book or, for central site books, at an outstation, satellite or affiliated book, to open a wagering account? Regulation 22.140(7)(a)				
Surveillance				
35. Is adequate video surveillance provided over the race and sports book area? Regulation 5.160(6) and Surveillance Standard #5				

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Questions	Yes	No	N/A	Comments, W/P Reference
<p>Free Play and Promotional Items</p> <p>36. If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110</p>				
<p>Employee Segregation</p> <p>37. Are race and sports book employees prohibited from wagering on race/sports events, except off-track pari-mutuel wagering, with the book at which they are employed or at a book of an affiliate or an affiliated company whether on their behalf, on behalf of the race book or sports pool, or on behalf of another person? Regulation 5.013(3)</p> <p>Note: For example, a sports writer cannot wager on race or sports events.</p>				
<p>Other</p> <p>38. Are house rules conspicuously displayed? Regulation 22.150.</p>				
<p>39. Does the licensee prohibit the acceptance or payment of wagers on events described in Regulation 22.120(1)? Regulation 22.120(1)</p>				

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Licensee: _____ Review Period: _____

Questions	Yes	No	N/A	Comments, W/P Reference
In-house Progressive Payoff Schedules				
40. Scan progressive meter readings, including those offered in conjunction with a race and/or sports tournament, contest or promotion, for the most recent two weeks and determine that:				
a. The base amount of each progressive payoff is recorded pursuant to Regulation 5.110(2) (the base amount should be recorded when first exposed for play and subsequent to each payoff).				
b. The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110(2)				
c. The payoff amount has increased since the prior recording [unless related to reasons allowed pursuant to Regulation 5.110(4), Regulation 5.110(5) and (6)].				
d. The payoff amount on the progressive payoff schedule decreased except as allowed by Regulation 5.110(5) . (Any reduction should be supported by appropriate documentation pursuant to Regulation 5.110(2) and 5.110(5), such as a notation of a payoff, a meter repair slip, etc.).				

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Questions	Yes	No	N/A	Comments, W/P Reference
e. Changes in the rate of progression are documented pursuant to Regulation 5.110(3) . If no changes are detected, inquire with licensee personnel to determine if they would document such changes.				
Suspicious Wagers				
41. Are sports pool employees or its directors, officers and agents familiar with what is considered a suspicious wager? Regulation 22.121				
42. Do sports pool employees or its directors, officers and agents make a diligent effort to identify and report suspicious wagers? Regulation 22.121				
43. Do these aforementioned individuals know that Regulation 22.121 requirements are separate from any federal suspicious activity reporting requirements? Regulation 22.121				
44. Is a "Suspicious Wager Report" form, developed by the board, filed with the board:				
a. When a suspicious wager involving or aggregating to more than \$5,000 in funds or other assets occurs? Regulation 22.121(2)				

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Questions	Yes	No	N/A	Comments, W/P Reference
b. When the sports pool licensee believes the wager is relevant to the possible violation of any law or regulation, regardless of the wager amount? Regulation 22.121(2)				
45. Are such reports submitted to the board within the time constraints of Regulation 22.121(3)? Regulation 22.121(3)				
46. Does the licensee maintain a copy of any report filed along with the original or business record equivalent of any supporting documentation for a period of five years from the date of filing the report? Regulation 22.121(4)				
47. Is the aforementioned documentation available to the board and any appropriate law enforcement agencies upon request? Regulation 22.121(4)				
48. Is it prohibited to inform the patron or other persons involved in the transaction that a "Suspicious Wager Report" was completed? Regulation 22.121(5)				

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Questions	Yes	No	N/A	Comments, W/P Reference
<p>Business Entity Wagering</p> <p>49. For licensees utilizing business entity wagering, has the book notified the Board in writing of its intent to accept wagers from business entities which have met all of the applicable requirements found in NRS Chapter 463? Regulation 22.155(1)</p> <p>Indicate the date of notification to the Board.</p>				
<p>50. If a licensee utilizes business entity wagering, document and determine compliance with Regulation 22.155. Regulation 22.155</p> <p>Indicate the results of the findings.</p>				
<u>Procedures Modified or Added:</u>				

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NGC Regulation 6.090(15) requires the internal auditor to use guidelines, checklists and other “criteria established by the chairman” in determining whether a Group I licensee is in compliance with applicable statutes, regulations, and Minimum Internal Control Standards (MICS). The use of this checklist satisfies these requirements.

Objectives:

To determine if controls for race and sports are adequate to ensure race and sports revenues are accurately stated in financial records and comply with the MICS.

Checklist Completion Notes:

- 1) Each step contains a parenthetical notation at the end of the step to designate the purpose of the step. Steps to ascertain compliance with a regulation or minimum standard will be followed by the appropriate regulation or standard. Steps to test the clerical accuracy of revenue will be followed by “Revenue.” Steps to determine whether assets were protected will be followed by “Asset Protection.”
- 2) The minimum standards quoted on this checklist are from Version 8 of the standards.
- 3) Document the completion of the procedures listed below. All exceptions noted should be carried to the Audit Report/Summary of Findings for timely follow-up. Indicate the workpaper reference in which the exception has been carried forward to, as applicable, in the “Exception/Comment” column.
- 4) Procedures for wagering accounts are addressed in both the Race and Sports and Cage and Credit Internal Audit Compliance Checklists and are to be modified and performed, as applicable.
- 5) For licensees utilizing wagering accounts, procedures to be performed for reserve requirements are addressed in the Cage and Credit Internal Audit Compliance Checklist. Modify procedures as necessary.

Scope:

Unless otherwise indicated, select 1 day per year. **Indicate Test Date:** _____

MICS Variations and Regulation Waivers:

Review the MICS variations and regulation waivers scheduled during the race and sports walkthrough procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedures modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the “Walkthrough Procedures Checklist”.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

If the race and sports book is an outstation of a central site book, steps #7 g-i, 10, 11 and 31 do not need to be performed.

Indicate the Central Site Book: _____

✓ - Step completed without exception

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	Step completed without exception	Exception/Comment
Test Date Selected:		
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow-up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary.		
2. Foot the write on the transaction report for one writer station or kiosk per test day. (Revenue)		
3. Foot the subtotals of all writer stations and kiosks, if applicable, from the transaction report and trace the total to the daily amount on the accrual basis recap report. (Revenue)		
4. Foot the payouts on the transaction report for one cashier station per test day. (Revenue)		
5. Foot the subtotals of all cashier stations from the transaction report and trace the total to the daily amount on the accrual basis recap report. (Revenue)		
6. Foot payout tickets (customer copy) and trace the total to the payout amount on the transaction report for one cashier station per test day. (Revenue)		
7. For the test day, select 10 tickets for winning sports wagers and 10 tickets for winning race wagers and perform the following:		
a. Match the customer copy of the payout to the write on the transaction report. (Asset Protection)		
b. Recalculate and verify proper payout with respect to wager and odds. (Asset Protection)		
c. Trace the winning ticket to the payout on the transaction report. (Asset Protection)		
d. If the payout is equal to or greater than an amount that requires listing on the exception report, trace the ticket to the exception information report. (Asset Protection)		
e. For tickets/vouchers paid through the computer, determine that a paid designation was written or stamped on the ticket/voucher and that the date and amount paid are noted on the ticket/voucher. MICS #27		
f. For manually paid tickets/vouchers ensure that the date and time was stamped on the ticket/voucher, that it was signed by a supervisor and that it was subsequently entered into the computer system. MICS #'s 29 & 30		
g. Trace the winner of the event to the race prices report or sports book results report, as applicable. (Asset Protection)		

✓ - Step completed without exception

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	Step completed without exception	Exception/Comment
Test Date Selected:		
h. Trace winner to an independent source to verify the winner and the reasonableness of odds and point spreads. (Asset Protection) Sources used: _____ _____		
i. Trace the computer-generated date and time on the ticket to an independent source to determine if past-posting has occurred. (Asset Protection) Sources used: _____ _____		
8. If any free play or promotional items were in effect on the test date, determine that the accounting treatment was proper and that win/loss was properly computed.		
9. For all not-in-computer voids and 10 computer-void tickets (5 race and 5 sports) perform the following:		
a. Trace the tickets and the information on the tickets to the exception information report. (Asset Protection)		
b. Trace the time that the ticket was voided per the exception information report to the cut-off time of the event per the race prices report or sports book results report, as applicable. (Asset Protection) Note: Certain systems may allow past-post voids provided that all voids of this type require supervisory password approval and are reported on the exception information report separately.		
c. Determine that a void designation was branded on the ticket by the computer or that the word "void" was written or stamped on the ticket. MICS #12a		
d. For not-in-computer voids, determine that the date and time the ticket was voided is stamped on the original ticket. MICS #12b		
e. Determine that all voids are signed by the writer/cashier and a supervisor (who did not write the ticket). MICS #12c Note: For satellite books the second signature can be a supervisor of the host property. MICS #12c, Note		
10. Examine the exception information report for the following:		
a. Past-post write: For tickets written more than 15 minutes after the start of a sporting event and more than 1 minute after a racing event, determine the nature and validity of the exception. (Asset Protection)		

✓ - Step completed without exception

Auditor's Name and Date

Internal Audit Compliance Checklist

**RACE AND SPORTS
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Licensee: _____ Review Period: _____

	Step completed without exception	Exception/Comment
Test Date Selected:		
b. Voids: For tickets which are voided after the start of the event, determine the nature and validity of the exception. (Asset Protection)		
c. Changes in results: Trace to an independent source to determine the nature and validity of the exception. (Asset Protection)		
d. Changes in event times: Trace to an independent source to determine the nature and validity of the exception. (Asset Protection)		
e. Any other unusual exception activity (i.e., changes in odds and point spreads, wagers and payouts in excess of the licensee's limits, etc.), determine the nature and validity of the exception. (Asset Protection)		
f. Determine that the exceptions have been properly authorized by a supervisor. (Asset Protection)		
11. Review event results on the computer-generated race prices report and sports book results report for unusual activity. (Asset Protection)		
12. If the licensee reports future wagers on the day the wager is accepted (cash basis), review the future ticket detail report and trace the report totals to the accrual basis recap report. (Revenue) Note: The "Taxable Revenue" amount on the daily summary is usually calculated on the accrual basis for write (payouts must, pursuant to Regulation 6.110, be reported on the cash basis).		
13. If the licensee reports future wagers on the day of the event (accrual basis), select 5 future tickets written and perform the following:		
a. Trace the tickets to the future ticket detail report and verify that the write was not included in revenue on the day that the ticket was written. (Revenue)		
b. Obtain the futures back-in detail report for the day(s) of the event(s) and verify that the write was properly included in revenue on the day of the event. (Revenue)		
14. Foot and cross-foot the accrual basis recap report to verify the accuracy of the daily taxable revenue amount. (Revenue)		
15. Foot the daily taxable revenue amount from the race and sports accrual basis recap report and trace the footed total to the month-to-date amount on the race and sports accrual basis recap report. (Revenue)		

✓ - Step completed without exception

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TESTING PROCEDURES**

Licensee: _____ Review Period: _____

	Step completed without exception	Exception/Comment
Test Date Selected:		
16. For the month in the previous procedure, trace the month-to-date taxable revenue per the race and sports accrual basis recap report to the general ledger and monthly NGC tax return. Examine general ledger accounts for the propriety of any activity that affects reported revenue. (Revenue)		
17. For the monthly NGC tax return reviewed in the previous step, use the appropriate supporting documentation, including those documents used for wagering accounts, to verify other components of race and sports on the NGC tax return (excluding no. of units).		
18. For the month in which a test day was selected, for one test day in which a contest/tournament was conducted, review the appropriate documentation to determine that entry fees and prize payouts do not have an effect on reported revenue. NRS 463.0161(2)(e) and NRS 463.0161(1) Note: If no contests/tournaments were offered in the month selected, then choose another month in which a contest/tournament was conducted. When after reviewing other months and no such activity is noted, it is acceptable to indicate that there was no contest/tournament activity noted in the time periods reviewed and then also indicate the results of an inquiry of such activity.		
Wagering Communications/Credit Wagering		
19. Examine 3 wagering accounts with other books to ensure the following information required by Regulation 22.140(7) is properly recorded:		
a. The authorized employee of the other book's name, permanent business address (other than a post office box), and business telephone number. Regulation 22.140(7)(b)(1)		
b. The documents used to verify the other book is a book, the authorized employee is an employee of the other book and is authorized to open this wagering account. Regulation 22.140(7)(b)(2)		
c. The amount of the authorized employee of the other book's initial wagering account or front money deposit. Regulation 22.140(7)(b)(3)		
d. The authorized employee of the other book's account number with the book. Regulation 22.140(7)(b)(4)		
e. The date the authorized employee of the other book's account was opened. Regulation 22.140(7)(b)(5)		
f. Statements signed by the authorized employee of the other book:		

✓ - Step completed without exception

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**RACE AND SPORTS
TESTING PROCEDURES**

Licensee: _____ Review Period: _____

Test Date Selected:	Step completed without exception	Exception/Comment
1) Confirming the accuracy of the information recorded. Regulation 22.140(7)(c)(1)		
2) Acknowledging receipt of a copy or has had a copy made available to them, of the book's rules and procedures for wagering communications. Regulation 22.140(7)(c)(2)		
3) Acknowledging having been informed and understanding that it is prohibited by law to place wagering communications from outside Nevada and that the book is prohibited by law from accepting them. Regulation 22.140(7)(c)(3)		
4) Acknowledging having been informed and understanding that a race book may only accept off-track pari-mutuel horse race account wagers pursuant to the provisions of Regulation 26C. Regulation 22.140(7)(c)(4)		
5) Consenting to the monitoring and recording by the board and the book of any wagering communications. Regulation 22.140(7)(c)(5)		
g. Statements signed by the employee who verified the authorized employee of the other book's information and who obtained and recorded the information, as well as a supervising employee stating that they witnessed the authorized employee's signature and confirmed the authorized employee of the other book's identity and residence. Regulation 22.140(7)(d)		
20. For all accounts selected in the previous steps, determine that the daily wagering limit was not exceeded (if the Regulation 22.125 Board approval letter was conditioned for a daily wagering limit).		
21. Examine 5 credit accounts established by a book permitting a patron to wager on credit, does the book: Indicate the credit accounts examined.		
a. Record and verify such information as is necessary for the efficient collection of debts, including the name and address of the patron for whom the book establishes the account in accordance with the Cage and Credit MICS?		
b. Perform identification and recordkeeping requirements equivalent to the Cage and Credit MICS?		
c. Permit a patron to wager on credit only if the initial credit line was established in person and any increase to that credit line has been requested, approved and documented pursuant to the book's system of internal control?		

✓ - Step completed without exception

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**RACE AND SPORTS
TESTING PROCEDURES**

Licensee: _____ Review Period: _____

	Step completed without exception	Exception/Comment
Test Date Selected:		
d. Comply with the requirements for establishing credit accounts pursuant to the Cage and Credit MICS?		
Regulation 22.120(2) Wagers		
22. Has the licensee accepted any wagers on events requiring approval pursuant to Regulation 22.120(2) and if they have, have they only done so for events that have been properly approved?		
23. Was the Board notified that the licensee will be accepting wagers on such events?		
24. Examine a sample of the events and determine that the licensee only took wagers on the specific outcomes that were approved and that the licensee maintained the independent source used to verify the results.		
Book Wagering Report		
25. Review race and sports book wagers for loggable or reportable nonpari-mutuel transactions. Trace such transactions to the MTL or Book Wagering Reports. Note: If no such transactions are noted for the test date but loggable/reportable transactions are known to occur regularly, select an additional test date for the performance of this step.		
26. Review MTL's for the following:		
a. The information is complete in accordance with Regulation 22.062(3) :		
1) Description of patron (or agent), which may include age, sex, race, eye color, hair, height and attire.		
2) Patron's name and agent's name, if known.		
3) Window number or other identification of the location where the wager occurred.		
4) Time and date of the wager.		
5) Dollar amount of the wager.		
6) Signature of person accepting or approving the wager.		
b. Reportable transactions, including those transactions which when aggregated exceed \$10,000, and trace such transactions to the Book Wagering Reports.		

✓ - Step completed without exception

Auditor's Name and Date

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**RACE AND SPORTS
TESTING PROCEDURES**

Licensee: _____ Review Period: _____

	Step completed without exception	Exception/Comment
Test Date Selected:		
27. Review any Book Wagering Reports noted during the performance of the above step and ten additional Book Wagering Reports from throughout the year to ensure that the information recorded is complete in accordance with Regulation 22.061(6) :		
Note: Include copies of the Book Wagering Reports reviewed in the workpapers.		
a. The patron's and agent's (if applicable) name.		
b. The patron's and agent's (if applicable) identity credential information.		
c. The patron's and agent's (if applicable) social security number.		
d. Wager and payout amounts.		
e. Date of transactions.		
28. Verify that the reports examined for the performance of the previous step were filed in a timely manner with the Board. Regulation 22.061(6)		
Suspicious Wagers		
29. Review any Suspicious Wager Reports noted for the test date and five from throughout the year to ensure that the information recorded is complete in accordance with Regulation 22.121(2)(a) :		
Note: Include copies of the Suspicious Wager Reports reviewed in the workpapers.		
a. Date of incident.		
b. Casino reporting information.		
c. Suspect information including:		
1) Individual's last name, first name and middle initial.		
2) Description of identification credential.		
3) Social security number.		
4) Date of birth.		
d. Preparer information.		
e. Suspicious wagering information.		
30. Verify that the reports examined for the performance of the previous step were filed in a timely manner with the Board in accordance of Regulation 22.121(3) .		

✓ - Step completed without exception

Auditor's Name and Date

Internal Audit Compliance Checklist

**RACE AND SPORTS
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Licensee: _____ Review Period: _____

	Step completed without exception	Exception/Comment
Test Date Selected:		
31. Verify that the licensee maintained supporting documentation for all suspicious wager reports examined for the performance of the previous steps and that the documentation is readily available for review by the Board. Regulation 22.121(4)		
Personnel Access Listing		
32. For a computerized race and sports system, at the application level, obtain the user accessing listing:		
a. For computerized systems that have group membership (group profile), select five group profiles and determine whether the job functions (rights) assigned to the group profile are appropriate for the group. In addition, select one employee from each of the groups and determine whether the group profile is appropriate for the employee.		
b. For computerized systems that have individual profiles (profiles are customized for each employee), select ten employees, encompassing as many positions as possible, and determine whether the job functions (rights) assigned to each employee are appropriate for the employee.		
c. Verify that 5 terminated employees, which occurred during the review period, have been changed in the system from active to inactive status.		
d. Verify that 5 active employees have changed their passwords within the last 90 days.		
<u>Procedures Modified or Added:</u>		

✓ - Step completed without exception