

NEVADA GAMING CONTROL BOARD  
MINIMUM INTERNAL CONTROL STANDARDS

**PARI-MUTUEL**

Note 1: The term “~~betting~~ kiosk” as used in these MICS refers to a self-activated machine that patrons use to place wagers, *cash tickets/vouchers, open accounts, make account deposits, and/or withdrawals* 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~~ *approved* 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 others* ~~procedures~~ *performed by the operator of the inter-casino linked system. The All required* ~~procedures which the operator of the inter-casino linked system will perform are to~~ *must* be delineated ~~as such~~ within the pari-mutuel section of the written system of internal control pursuant to Regulation 6.090, *including the specific procedures performed by the operator.*

Note 9: A “signature” on a document provides evidence of the person’s involvement and/or authorization of the intentions reflected in ~~this~~ *the* document. *A signature is either handwritten or electronic.*

- ~~A~~ *“handwritten signature” is typically in the form of a stylized script associated with a person. The stylized script “signature” may include the first letter of the person’s first name along with the person’s full last name. The “initials” of the person would not meet the requirement of a “signature.”*
- *An “electronic signature” is defined in NRS 719. The “electronic signature” is to be linked with an electronic document which uniquely identifies the individual (e.g., employee or patron) entering the “signature.” Additionally, the use of an “electronic signature” must comply with the applicable IT MICS.*

*The type of signatures used (i.e., handwritten or electronic) must be delineated within the pari-mutuel section of the written system of internal control pursuant to Regulation 6.090.*

Note 9: *For an “electronic signature,” procedures must be implemented to provide at least the same level of control as described by these MICS.*

Note 10: As used in these MICS, the term “WAT” means wagering account transfer. “WAT in” means amounts wagered by the patron and/or transfers to a game/gaming device pursuant to Regulation 5.225(12) and “WAT out” means amounts won by the patron and/or transfers from a game/gaming device pursuant to Regulation 5.225(11).

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- Note 11: If a pari-mutuel book utilizes wagering accounts, ~~and is the designated area of accountability,~~ compliance with eCage and eCredit MICS for wagering accounts is required. Such procedures, *including the area(s) of accountability, are must be* delineated within the *pari-mutuel section of the* written system of internal control pursuant to Regulation 6.090.
- Note 12: For Board approved computerized systems that are used solely for pari-mutuel race and sports wagering accounts, compliance with ~~pPari-mMutuel race and sports~~ MICS #2123(m) and #2224 for wagering account reports may be used in lieu of the reports required by eCage and eCredit MICS #47 - #4951. However, compliance with eCage and eCredit MICS #3436 - #4446 is required.
- Note 13: ~~If a pari-mutuel book utilizes wagering accounts, the written system of internal control pursuant to Regulation 6.090 must delineate procedures describing how WAT in and WAT out transactions (including the handling of canceled events) in the wagering account system are integrated and recorded by the pari-mutuel system. For WAT and/or wagering instrument transactions between gaming areas and/or affiliated properties, the pari-mutuel section of the written system of internal control pursuant to Regulation 6.090 must delineate procedures describing how such transactions are accounted for and recorded.~~

***Wagering Standards***

1. All pari-mutuel wagers must be transacted through the pari-mutuel computer system. In case of computer failure between the pari-mutuel book and the hub, no tickets may be manually written.
2. Whenever a betting station is opened/closed for wagering or turned over to a new writer/cashier, the writer/cashier signs on/off and the pari-mutuel computer system creates 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.
3. Nonpari-mutuel wagers are prohibited at "pari-mutuel only" books.
4. A pari-mutuel race wager is not accepted after the occurrence of post time, as defined in Regulation 26A.
5. Upon accepting a wager, a record of the wager is created in the pari-mutuel computer system which contains the ticket number, the date and time, and terms of the wager. The terms of the wager (listed as the "ticket description" in the pari-mutuel computer system reports) 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-or show; etc.~~), and dollar amount wagered. The record of the wager is documented as follows:
  - a. An original betting ticket that includes the book's name and address is printed and given to the patron.

Note: If a wager is placed using communications technology an original betting ticket does not need to be created. Regulation 26C.160(4) requires that all wagering communications shall be electronically recorded (separate from the pari-mutuel computer system) and retained for a period of 60 days.

  - b. A restricted computer system record which is created concurrently with the generation of the original betting ticket. The restricted record is not accessible to book employees except for inquiry only functions.
6. If a book voids a betting ticket then:
  - a. A void designation is immediately branded by the pari-mutuel computer system on the ticket with the computer system updated to reflect the void transaction. Alternatively, a ticket can be voided manually in the computer system by entering or scanning the ticket number to update the computer system to reflect the void transaction and immediately writing/stamping a void designation on the original ticket.

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- b. All voids are signed by the writer/cashier and a supervisor (who did not write the ticket) at the time of the void. The supervisor may be from another gaming department. For satellite books the second signature can be a supervisor of the host property.
- c. Not-in-computer voids are either prohibited or, if not-in-computer voids are permitted, the date and time at which the ticket was voided is stamped on the original and no adjustment to gross revenue may be made.

Note: If the original ticket is unavailable (e.g., printer malfunction) a document is created to reflect the void transaction.

***Payout Standards***

- 7. Prior to patrons receiving payouts on winning tickets, event/race results are entered into the pari-mutuel computer system for computerized grading of all wagers. Unpaid winning ticket and voucher reports are restricted to authorized personnel independent of the race and sports book.

- 8. Vouchers issued by the pari-mutuel computer system (including through ~~betting~~ kiosks) must include: the voucher number, the book's name and address, the date and time, and dollar amount.

Note: The above MICS 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.

- 9. Prior to making payment on a ticket/voucher or crediting the winnings to the patron's wagering account:
  - a. The writer/cashier enters or scans the ticket/voucher number into the pari-mutuel computer system to authorize the payment; or
  - b. For wagering account wagers, when the event results are posted in the pari-mutuel computer system, the computer system automatically authorizes payment of winning wagers and updates the patron's wagering account.
- 10. After scanning by the writer/cashier, the pari-mutuel computer system brands the ticket/voucher with a paid designation, the amount of payment and date. Alternatively, if a writer/cashier manually enters or scans the ticket/voucher number into the pari-mutuel computer system, the writer/cashier either immediately writes/stamps 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.
- 11. The pari-mutuel computer system is 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.
- 12. In case of pari-mutuel computer system failure, tickets may be paid. In those instances where pari-mutuel computer system failure has occurred and tickets are manually paid, a log will be maintained which includes:
  - a. Date and time of pari-mutuel computer system failure.
  - b. Reason for failure.
  - c. Date and time pari-mutuel computer system is restored.
- 13. For all payouts which are made without pari-mutuel computer system authorization, after the manual grading of the ticket, the date and time must be stamped on the patron's copy, and the amount of the payment and a paid designation is written (or stamped) on the patron's copy of the ticket/voucher.
- 14. For those payouts made without pari-mutuel computer system authorization (i.e., system inoperative):

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- a. Before completing the payout, the book manager or other authorized supervisory personnel reviews the documentation supporting and explaining the payout and signs the ticket/voucher as evidence of review.
- b. An individual, once the pari-mutuel computer system is operative, immediately enters all manually paid tickets/vouchers into the pari-mutuel computer system to verify the accuracy of the amount paid for the tickets/vouchers and the manual grading of the tickets. Should the pari-mutuel computer system remain inoperative at the end of the day, the procedures required by MICS #~~3336~~(c) are required.

Note: Any manually paid tickets that had been previously purged from the pari-mutuel computer system do not need to be entered into pari-mutuel computer system.

15. *The use of digitally represented wagering instruments is acceptable when using a Board approved system, which includes approved functionality for the use of such wagering instruments. The procedures for such wagering instruments must provide at least the same level of control described by these MICS and must be delineated within the pari-mutuel section of the written system of internal control pursuant to Regulation 6.090.*

16. *Tickets/wagering instruments found by employees are held in a secure location until claimed by a patron or until such time as the tickets/wagering instruments expire or are paid.*

***Wagering Accounts***

Note: If wagering accounts are used solely for pari-mutuel horse race wagers, in addition to the requirements below, all eCage and eCredit MICS related to wagering accounts are applicable, ~~with the exception of cage and credit MICS #37a.~~

~~15~~17. The book shall establish procedures for pari-mutuel horse race wagering accounts pursuant to the requirements of Regulation 26C and such procedures ~~are~~ *must be* delineated within the pari-mutuel section of the written system of internal control pursuant to Regulation 6.090. Procedures to address in the written system of internal control include, as applicable, but are not limited to:

- 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.
- b. The acceptance of wagers including, but not limited to:
  - 1) Method of wagering communications;
  - 2) Wagering account transactions documentation (creation and maintenance thereof);
  - 3) 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.
- c. When an operator of a call center is utilized, procedures established by the book must address, as applicable:
  - 1) 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).
  - 2) 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.

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*Checkout Standards*

~~1618.~~ The pari-mutuel computer system indicates the amount of net cash that should be in each writer/cashier station. A supervisor is required to access this information. *A supervisor simultaneously acting as a writer, may not have access to their own net cash information.*

~~1719.~~ For each writer/cashier station a summary report is completed at the conclusion of each shift including:

- a. 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.
- b. Signatures of two employees who have verified the cash turned in for the shift.

Note 1: MICS #~~1719~~ is also to be performed whenever there is a change of a writer/cashier at a station during a shift. In such a case when the cash is transferred from one writer/cashier to the next writer/cashier, the cash summary report for the shift is to 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.

Note 2: MICS #~~1719~~ does not apply to areas outside the race and sports book area (e.g., casino cage) that cash tickets.

Note 3: MICS #~~1719~~ does not apply to ~~betting~~ kiosks.

Note 4: Alternatively, MICS #~~1618~~ and #~~1719~~ may be performed for each writer/cashier rather than each writer/cashier station.

~~1820.~~ For each ~~betting~~ kiosk:

- a. At least weekly, ~~all winning tickets and vouchers in the kiosk are removed by~~ a minimum of two employees *remove all contents (excluding coin) from the kiosk.*
- b. At least weekly, a minimum of two employees ~~remove all cash from the kiosk,~~ count the cash *removed from the kiosk* and document the count.
- c. *At least quarterly, a minimum of two employees remove the coin from the kiosk, count the coin, and document the count.*
- ~~e.d.~~ Whenever employees remove *contents (e.g., winning tickets, or vouchers, or cash)* from a kiosk, or cash/coin is ~~removed from or~~ inserted into a kiosk, ~~kiosk~~ reports are generated from the kiosk regarding kiosk transactions and accountability.
- ~~d.e.~~ At least weekly, ~~and whenever employees remove winning tickets, vouchers or cash from a kiosk, the kiosk transactions are reconciled by race and sports book or accounting an employees as follows: all reconciles kiosk transactions.~~ ~~‡~~The cash remaining in each kiosk *(including cash accepted by the kiosk) is compared to the cash initially loaded into the kiosk (i.e., imprest amount) plus/minus cash transactions (e.g., winning tickets, jackpot payouts, sales, ATM transactions, check cashing, wagering account transactions, vouchers, or bill breaking).* The kiosk reports are compared to the transactions recorded by the ~~pari-mutuel computer~~ other systems *(e.g., jackpot payouts or CWS)*. Variances are documented and investigated.
- ~~e.f.~~ Winning tickets and/or vouchers are ultimately delivered to the accounting/finance department *or stored in a secure area under the control of the accounting/finance department.*

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***Computer Reports***

Note 1: Documentation equivalent to the following must be prepared for satellite books on a “per book” basis.

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. If so, such procedures ~~are~~ *must be* delineated within the pari-mutuel section of the written system of internal control pursuant to Regulation 6.090.

~~19~~<sup>21</sup>. Adequate documentation of all pertinent pari-mutuel information is generated by the pari-mutuel computer system.

~~20~~<sup>22</sup>. This documentation is restricted to authorized personnel. The generation of end-of-day pari-mutuel computer system reports must be performed by or observed by an employee from a department independent of the race and sports book department. Each report indicates the date, book’s name (or other identifier), and title of report.

Note: As used in MICS ~~#21~~<sup>23</sup> and ~~#22~~<sup>24</sup> pari-mutuel computer system report descriptions, the term “ticket description” refers to the terms of the wager as described in MICS #5.

~~21~~<sup>23</sup>. The pari-mutuel computer system documentation is created daily and includes, at a minimum, the following reports:

- a. Transaction report which lists, by writer/cashier station, for each ticket sold, voided (tickets canceled) and paid out (including refunds): the ticket number, transaction time, writer/cashier station number, writer/cashier number, ticket description, and amount of transaction. The report lists, by writer/cashier, and in total, the amount of sales (write and vouchers issued), voids, and payouts (including vouchers redeemed),

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.

- b. Session sales summary which lists, for each meet, each race and in total by meet and for all meets: session gross sales, cancels, cancels from previous session sales, and total sales; and total sales from previous session, total sales for the session and the previous session combined, refunds and net sales.

Note: A “session” is a 24-hour day.

- c. Race prices report which lists, for each meet’s race: the race date, race number, the winners (e.g., horse identification), and payout amounts for the different types of wagers.

- d. Cashed tickets report which lists, by meet, the tickets cashed including: the ticket number, writer/cashier (or station number), ticket description, and the amount of net dividend (amount of payout). The report lists the total amount of net dividends by meet and the grand total for all meets.

Note: The cashed tickets report may be combined with the transaction report.

- e. Vouchers sold and redeemed report which lists by writer/cashier station, for each voucher sold (issued) and redeemed (cashed): the voucher number, the transaction (i.e., sold/cashed), transaction time, writer/cashier station number, writer/cashier number, and amount of voucher. The report lists by writer/cashier station, and in total for all writer/cashier stations, the amount of vouchers sold, and the amount of vouchers redeemed.

Note: The vouchers sold and redeemed report may be combined with the transaction report.

- f. Refund ticket report which lists for the day (session), for each ticket refunded: the ticket number, ticket description, session, refund amount, and total of all refunds.

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.

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- g. Teller detail report which lists, by writer/cashier and in total: the amount of tickets sold, tickets cashed, tickets canceled, returns, draws, vouchers sold and vouchers cashed, wagering account deposits, wagering account withdrawals, wagering account tickets sold, wagering account tickets cashed, and amount of over/short.
- h. Teller balance report which lists for the day (session), by writer/cashier and in total: the amount of tickets/vouchers sold, tickets/vouchers cashed, tickets canceled, wagering account deposits, wagering account withdrawals, draws (funds added to stations' accountability), returns (funds removed from stations' accountability), amount computed as cash turn-in, the actual reported as cash turn-in and amount of over/short. In this report, wagering account deposits may be included in the "sold" amount and withdrawals may be included in the "cashed" amount.
- i. Futures reconciliation report which lists the amount of, by date of event/race for today and future event dates: wagers written on previous days (previous write), wagers written today on future events (write today or future write), wagers written on previous days refunded today (previous canceled today), wagers written on previous days for today's event/race (futures back-in), and total remaining wagers written for events/races in the future (net write).
- j. Futures reports:
  - 1) Futures back-in ticket detail report which lists the tickets written on previous days for events/races occurring today, by racing meet, including: the ticket number, ticket description, and date of event/race. The report lists the total amount of wagers written on previous days for today's event/race.
  - 2) 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: the ticket number, ticket description, and date of event/race. The future tickets detail report lists totals of the amount of wagers by date of event/race, by event/race and for all tickets.
- k. Unpaid reports:
  - 1) Unpaid winners detail ticket report (i.e., Outsbook Tickets) which lists the unexpired, winning tickets that have not been paid including: the event/race date, ticket number, ticket description, and amount of payout, and payout amounts in total.
  - 2) Unredeemed voucher detail report which lists the unexpired vouchers that have not been redeemed including: the voucher number, date of issue, and amount of voucher, and vouchers in total.

Note: Tickets and vouchers expire when the period of time the book will honor winning wagers/vouchers has lapsed.
- l. Purge reports:
  - 1) Purge detail ticket report which lists the expired, winning tickets that have not been paid, by meet and by ticket number, including: the event/race date, ticket number, ticket description, and amount to be paid (net dividend). The report lists the total amount of net dividend by meet, and the grand total for all meets. The report lists the total amount of payouts to be added back into revenue.
  - 2) Purge detail voucher report which lists the expired vouchers that have not been redeemed including: the voucher number, date of issue, and amount of voucher. The report lists total amount of vouchers to be added back into revenue.

Note: Tickets and vouchers expire when the period of time the book will honor winning wagers/vouchers has lapsed.
- m. Wagering account reports as follows:



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- 1) Daily account wagering detail report which lists by writer/cashier station number, each transaction including: writer/cashier station number, wagering account number, the transaction (e.g., wager, deposit, *or* withdrawal), and the transaction amount. The report lists totals by transaction type.

Note 1: The daily account wagering detail report may be a part of the wagering account transaction reports or a combination of reports.

Note 2: The writer/cashier station number is not identified when the patron places a wager through a mobile device.

- 2) 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: the amount of deposits, winnings, canceled wagers, wagers, withdrawals, and other adjustments. The report lists totals for write, voids/canceled, net write, payouts, refunds, and net win.

- n. Reconciliation report which lists for each meet, each race, and in total for all meets: net sales, negative breakage, commission, positive breakage, paid and unpaid winning wagers (runner pay), parlay breakage, and deposit.
- o. Daily recap report which lists for each meet and in total for all meets, the total write, refunds, net write, payouts paid today for events on previous days (outs paid today), payouts from wagers written today and paid today (today's total paid or current payouts), unpaid winners from event/race occurred today (today's outs or current unpaids), total amount paid today (total paid today), unpaid winners and unredeemed vouchers expired today (outs purged today or unpaids to revenue), and beginning and ending unpaid winners and unredeemed vouchers balances (previous outs and total outs).
- p. Exception history report which lists for the day (session), exception time, employee involved, and dollar amount, if applicable, for pari-mutuel computer system function exceptions including, but not limited to, sign-on/offers and supervisor cancels.
- q. Void exception report (i.e., Canceled Tickets Report) which lists for the day, the ticket number, date and time of the void, station number, writer/cashier voiding the ticket, supervisor authorizing the void, and ticket description.

~~22~~24. The pari-mutuel computer system documentation for wagering account activity is created on demand, and includes, at a minimum, for a time period of a day, month, year, and two-year cumulative basis:

- a. Wagering account activity detail report that lists, by wagering account and in total, for all wagering accounts: the wagering account number, beginning balance, each deposit (date and amount), wagers and void wagers (ticket number, transaction date and time, and ticket description), winning wagers and refunds (ticket number, transaction date and time, ticket description, and payout amount), net wagering activity, withdrawals (date and amount), adjustments (date and amount), and ending balance.
- b. Wagering account activity summary report that lists, by wagering account and in total, for all wagering accounts: the wagering account number, patron's name, book's name, beginning balance, deposits, amount of wagers, amount of winning wagers, net wagering activity, withdrawals, adjustments, and ending balance.

Note 1: All wagering accounts regardless of account balance must be included on the wagering account activity report.

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~~25. A month-end reconciliation report is created and used when computing pari-mutuel gross revenue which lists for each meet, by day, the amount of: net sales, negative breakage, commission, positive breakage, paid and unpaid winning wagers (runner pay), parlay breakage, and deposit. The report lists the month-end totals for each meet, and in total.



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*Accounting/Audit Standards*

2426. The pari-mutuel audit is conducted by someone independent of the race, sports, and pari-mutuel operations.

Note: Such personnel may also perform the audit function for the outstation book of affiliated properties (and vice versa).

2527. Daily, reconcile the dollar amount of WAT in and WAT out per the WAT By Gaming Area report to the daily recap report. Investigate and document any variances noted.

2628. An accounting/audit employee examines the daily reconciliation report, compares the sales and paid amounts on the report to the amounts on the daily recap report produced by the pari-mutuel computer system, and recalculates the net amount due to or from the hub. An accounting/audit employee reconciles 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.

2729. 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.

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 canceled; (+) funds added to station (draw); (-) funds removed from station (return); (=) cash turn-in (computed on hand).

2830. For one race/event per day, accounting/audit personnel verify commissions per the daily reconciliation report by recalculating race/event commissions.

2931. For the track associated with the race/event tested in MICS #2830, accounting/audit personnel will verify daily transfers due to/from the hub by recalculating the deposits.

Note: The deposit amount is computed as follows: Net sales; (+) negative breakage; (-) commissions; (-) positive breakage; (-) paid and unpaid winning wagers (accrual payouts); (=) deposit.

3032. 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.

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.

3133. Accounting/audit personnel trace the track/event fees and track/event fee adjustments to the monthly invoices received from the hub.

3234. Accounting/audit personnel produce a pari-mutuel gross revenue recap report to calculate gross revenue on a daily and month-to-date basis, including the following totals: commission, positive breakage, negative breakage, track/event fees, track/event fee adjustments, purged tickets, and gross revenue.

Note: The track/event fees and fee adjustments are included in the recap report in aggregate on a weekly basis.

3335. At least ~~once a quarterly~~, for each ~~betting~~ kiosk, foot the *winning* tickets and/or ~~the~~ vouchers redeemed for a week (*or one drop period if dropped more frequently*) and trace the totals to the totals recorded in the ~~pari-mutuel computer~~ system(s) and the related accountability document. This procedure may be performed for different kiosks throughout the quarter as long as each kiosk's activity is examined once *aper* quarter. Document the test and the results of investigations into all variances, by kiosk.

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Note: This procedure may be performed by non-accounting personnel as long as the individual has not performed the reconciliation required by MICS #~~18~~20.

~~34~~36. Daily, accounting/audit personnel, for payouts made without pari-mutuel computer system authorization at the time of payment, will:

- a. Trace all payouts to the pari-mutuel computer system transaction report or the purged tickets report to verify authenticity of the initial wager.
- 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.
- 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. If the system is inoperative, manually regrade the ticket to ensure the proper payout amount was made.

Note: Appeasement payments (e.g., nonwinning ticket payouts resulting from a customer complaint or employee error) are not deductible from gross revenue.

~~35~~37. Accounting/audit personnel perform the following procedures for each day, unless indicated otherwise:

- a. Review all system exception reports for propriety of transactions and unusual occurrences including, but not limited to, void authorizations and manually paid tickets. All noted improper transactions or unusual occurrences noted during the review of exception reports are investigated with the results documented.

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

b. For all voided tickets:

- 1) The pari-mutuel computer system reports which display voided ticket information are examined to verify that tickets were properly voided in the computer system.
- 2) 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.
- 3) For a pari-mutuel computer system that prints void tickets, a “void ticket” attached to the original ticket.

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.

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.

d. For one day per week, regrade ~~10~~ten paid (cash) tickets to ensure accuracy and propriety.

e. Daily, select a random sample of ~~5~~five paid transactions from the pari-mutuel computer system cashed tickets report and trace the transaction to the customer’s copy of the paid ticket.

Note: The same transactions selected for MICS #~~35~~37(e) examination may be used as part of the sample selected for MICS #~~35~~37(d).

f. For “pari-mutuel only” books, for one day per week, review all wagers to determine whether any nonpari-mutuel wagers were accepted.

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g. Monthly, reconcile the total amount of WAT in and WAT out per the WAT Summary report to the month-end recap report. This reconciliation is documented and maintained. All variances are reviewed, documented, and maintained.

~~3638~~. Monthly, 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. This reconciliation is documented and maintained. 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 are reviewed, documented, and maintained.

~~3739~~. Prior to submission of the NGC tax returns for the month, the reconciliations required by MICS #~~3537~~(g) and #~~3638~~ are completed, and any follow-up performed is documented and maintained. Any variances noted are resolved prior to submission of the tax returns for the following month.

~~3840~~. Quarterly, an inventory of all sensitive pari-mutuel keys is performed and reconciled to records of keys made, issued, and destroyed. Investigations are performed for all keys not accounted for, with the investigations being documented.

Note: Sensitive keys include, but are not limited to, keys used to access restricted computer storage media, and/or restricted equipment used to conduct the pari-mutuel book, ~~and~~ to the date and time stamping machines, *and kiosks*.

~~3941~~. Annually, for one day, accounting/audit personnel will perform the following for one writer/cashier station:

- a. Foot the wagers on the restricted pari-mutuel computer system record and trace to the total produced by the pari-mutuel computer system.
- b. Foot the customer copy of paid tickets and trace to the total produced by the pari-mutuel computer system.
- c. Foot cashed (redeemed) vouchers and trace to the total produced by the pari-mutuel computer system.

~~4042~~. At least one day per quarter, accounting/audit personnel:

- a. Recalculate and verify the change in the unpaid winners and unredeemed vouchers balance to the total purged tickets and vouchers.
- 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.

~~4143~~. Documentation (e.g., log, checklist, notation on reports, and tapes attached to original documents) is maintained evidencing the performance of pari-mutuel audit procedures, *including any reviews*, the exceptions noted, and follow-up of all pari-mutuel audit exceptions.