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STATE OF NEVADA

GAMING CONTROL BOARD

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February 1, 2011

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TO: ALL GROUP I NONRESTRICTED LICENSEES, GROUP I LICENSEES' CPA FIRMS AND INTERESTED PERSONS

RE: SUBMISSION OF COMMUNICATIONS FROM INDEPENDENT ACCOUNTANTS

Nevada Gaming Commission Regulations 6.080 and 6.090 govern submissions of reports prepared by the independent accountants of Group I licensees. Regulation 6.090 requires a Group I licensee to engage the independent accountant who audits or reviews the financial statements in accordance with Regulation 6.080 to also perform agreed-upon procedures related specifically to the Minimum Internal Control Standards. However, in performing an audit or review of financial statements, the independent accountants may become aware of certain matters that either must be communicated to the client in accordance with professional standards, or the independent accountant chooses to communicate in the interest of assisting the client with improving its operations.

Regulation 6.080(8) states:

Reports that communicate the results of the audit or review, including management advisory letters or activities not related to the gaming operation, must be submitted within 120 days after the end of the licensee's business year.

Additionally, the CPA MICS Compliance Reporting Requirements ("Guidelines") of Regulation 6.080(8) specify that material internal control deficiencies that are not addressed by the Minimum Internal Control Standards are to be communicated to the Board (refer to page 8 of 41 of the Guidelines).

After determining that most licensees were not submitting reports other than the agreed-upon procedures report required by Regulation 6.090(9), the Audit Division worked closely with CPA firms to gain a greater understanding of the types of communications typically provided to clients that may be of interest to the Nevada Gaming Control Board, distinguished from other profit-enhancement suggestions and similar communications.

As a result of this research process, the Audit Division has determined that the independent accountants' communications with clients may cover a wide variety of topics. The Audit Division's primary interest is in receiving reports that relate to the design, implementation or operating effectiveness of internal controls (gaming and non-gaming activities). However, at times the letters used to communicate such matters may also contain other information of no perceived direct benefit to the needs of the Audit Division.

In the interest of ensuring that independent accountants remain able to communicate freely with their clients regarding issues noted during the audit or review of financial statements that have no impact on internal control or the reliability of accounting records or financial statements, it is possible and suggested that the independent accountants prepare separate communications, those related to internal controls (both gaming and non-gaming activities) that would be reportable to the Audit Division and those strictly related to profit-enhancement and similar suggestions.

While there is a degree of judgment involved in categorizing suggestions as either internal control or profit-enhancement related, the Audit Division believes that the risk of improper classification is substantially mitigated by professional standards governing the types of communications that CPAs are required to provide their clients, especially related to internal control deficiencies identified during the course of providing services. The following are examples of communications that may be excluded from those to be submitted to the Gaming Control Board:

- A suggestion related to an opportunity for cost savings.
- A suggestion about how to improve the physical facilities or customer service.

When it is not clear whether a matter should be included in a communication intended to be provided to the Gaming Control Board or whether another communication involves a reportable matter under the guidelines provided in this letter, the licensee should err on the side of submitting the communication to avoid potential non-compliance with the applicable regulations.

Additionally, the following communications are specifically identified as not requiring submission pursuant to Regulation 6.080(8):

- Audit Committee communications, provided that all internal control concerns have been separately communicated in correspondence that will be submitted to the Gaming Control Board.
- Communications with the SEC. Please note, however, that this policy does not affect any reporting currently required by the Gaming Control Board's Corporate Securities Division.
- Comfort letters.

- Debt compliance matters.
- Management representation letters issued by the company to the accountants.
- Engagement letters.
- Communications unrelated to audit or review services, unless the subject or findings relate to the design, implementation, or operating effectiveness of internal controls.
- Title 31 consulting reports.

These submission guidelines should be utilized for all audit/review periods ending on or after December 31, 2010.

Questions should be directed to Audit Division Chief Lynda Hartzell at (702) 486-2060 or via e-mail at lhartzell@gcb.nv.gov

Sincerely,

Mark A. Lipparelli
Chairman

MAL/LLH

cc: A.G. Burnett, Board Member
Shawn R. Reid, Board Member
Audit Division – Las Vegas
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Records and Research Services