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Governor

STATE OF NEVADA  
**GAMING CONTROL BOARD**

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March 20, 2002

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**TO: ALL GROUP I NONRESTRICTED LICENSEES AND OTHER INTERESTED PARTIES**

**SUBJECT: INTERNAL AUDIT REPORT SUBMISSION GUIDELINES**

The State Gaming Control Board's Internal Audit Compliance Checklists and associated Guidelines dated October 1, 2000 requires licensees to submit two copies of the internal auditor's findings to the Board within 120 days of the end of each six months of the licensee's fiscal year. Noncompliance noted in the second half of the year may be included in the CPA's compliance report, in which case separate reporting is not required. Since the adoption of these requirements, the Board has received and evaluated a number of internal audit reports for adherence to the guidelines provided with those checklists, and has noted some instances of noncompliance with these requirements.

Accordingly, the following clarifications and reiterations are provided for your information:

1. Guidelines for the Internal Audit Compliance Checklists, page 3 of 6, require the internal auditor to perform certain procedures semi-annually, annually, and bi-annually. These procedures shall be summarized in reports submitted to the Board within 120 days of the end of the six-month period in which the required procedures are performed. Reports submitted to the Board shall be thoroughly reviewed and workpapers supporting the reports readily available for Board review.

Pursuant to the internal audit guidelines, each internal audit compliance report must address the semi-annual procedures performed in the slot and table games departments. The findings of the annual and bi-annual required procedures must be submitted within 120 days of the end of the six-month period in which the procedures were performed.

2. Documentation to fully support the performance of the above procedures must be prepared and maintained – completed checklists should not be forwarded to the Board. This documentation should include, at a minimum, the name, title and date of persons interviewed, specific names of reports/documents examined, and the results of procedures performed.
3. Each submission shall include a summary of all procedures performed and a reference to the applicable internal audit checklists completed during the six-month period.
4. All instances of noncompliance noted must be documented and included in the reports regardless of materiality.
5. For each instance of noncompliance noted in the internal audit compliance reports, the following information must be included:
  - a. The citation of the applicable Nevada Revised Statute, Nevada Gaming Commission Regulation, or Minimum Internal Control Standard for which the instance of noncompliance was noted.
  - b. A narrative description of the noncompliance, including the number of exceptions and sample size tested.
  - c. Management's responses to the noted instances of noncompliance.

Should you have any questions regarding the requirements explained in this letter please contact Audit Supervisor Shirley Springer at (702) 486-2060.

Sincerely,

Dennis K. Neilander  
Chairman

DN/MN

cc: Bobby L. Siller, Board Member  
Scott Scherer, Board Member  
Central Files