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June 21, 2004

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

**RE: ADOPTION OF THE REVISED INTERNAL AUDIT COMPLIANCE CHECKLISTS AND GUIDELINES**

On May 19, 2004 the Gaming Control Board distributed proposed revisions to the Internal Audit Compliance Checklists and Guidelines and requested written comments to be submitted. Based on the written comments received, the Board has made minor clarification changes to the initial draft of Internal Audit Compliance Checklists and Guidelines (Draft: 4/26/04). The minor clarification changes made are not significant enough to individually address in this notice. However, all changes to the existing Guidelines are denoted with a line through the deletions and the underlining/bolding of the additions on the final draft dated June 16, 2004.

**Transition to Using New Checklists and Guidelines**

In accordance with the provisions of Regulation 6.090(15), the Board is adopting the revisions to the Internal Audit Compliance Checklists and Guidelines with the issuance of this letter. These checklists and associated guidelines are to be used by the licensee's internal auditor in reporting on a licensee's compliance with applicable statutes, regulations, and minimum internal control standards. The following represents the transition process for using the new checklists and guidelines:

1. The new checklists (effective July 1, 2004), with the exception of the Branch Office checklists, are to be used when completing internal audit work for the first six-month period of the licensee's fiscal year ending June 30, 2005 and after (beginning as early as July 1, 2004). It is also recommended that these new checklists be used when completing internal audit work for the second six-month period of the licensee's fiscal year ending December 31, 2004 and after until such time as the use of checklists is required. The new checklists are to be used in accordance with the "Required Procedures" and "Performance and Completion" sections of the new Guidelines.
2. The Branch Office checklists are to be used as of January 1, 2005. The branch office visits are scheduled based on the information indicated on the branch office's documentation maintained pursuant to Cage and Credit MICS #73.
3. If internal audit work has been performed using superseded checklists (effective 10/1/2000) for the licensee's fiscal year ending in 2004, it is not necessary to reperform required internal audit procedures using the new checklists.

4. As of the date of this letter, the internal auditor should comply with the "Report Submission Requirements" of the new Guidelines for all internal audit reports not yet submitted to the Board.
5. Group I Nonrestricted licensees must be in compliance with the "Requirement for Internal Audit Function" and "Separate Internal Audit Department" sections of the Internal Audit Guidelines by January 1, 2005.

This letter and the final, adopted version of the Internal Audit Compliance Checklists and Guidelines, and the final revisions to the Guidelines can be obtained from the Board's website at <http://gaming.nv.gov>, or may be obtained on floppy disk or hard copy at either the Reno or Las Vegas Audit Division offices.

The Internal Audit 6A Compliance Checklists have not been revised and are still in effect until further notice. Additionally, any future industry questions and responses regarding the Internal Audit Compliance Checklists and Guidelines will be included as a section of the "MICS Frequently Asked Questions" document on the Board's website.

Please contact Internal Control Coordinator Shirley Springer at (702) 486-2060 if you have any questions.

Sincerely,

Scott Scherer  
Board Member

DKN/SS

cc: Dennis K. Neilander, Board Chairman  
Bobby L. Siller, Board Member  
Records & Research Services