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Governor

STATE OF NEVADA  
**GAMING CONTROL BOARD**

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September 20, 2006

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**TO: ALL GROUP I NONRESTRICTED LICENSEES**

**RE: SLOTS MICS #77b, #115 and #192 (V5) VARIATIONS**

As of January 21, 2004, all Group I licensees were required to be in compliance with the Minimum Internal Control Standards (MICS) that became effective on October 1, 2003. Various licensees have requested variations from Slots MICS #77b, #115 and #192. In response to these requests, the Board is providing the following guidance.

Wagering Instrument Redemption Machines

Two of the Slots MICS addressing wagering instrument redemption machines (e.g., kiosks) are #77b and #192. These MICS are as follows:

- "77. At least weekly:...
- b. At least two employees reconcile the cash remaining in each wagering instrument redemption machine to the beginning cash placed in the machine less the wagering instruments and payout receipts redeemed."
- "192. At least weekly, for each wagering instrument redemption machine, foot the wagering instruments and payout receipts redeemed and trace the totals to the totals recorded in the system and the related accountability document."

The Board has received inquiries from Group I nonrestricted licensees regarding these procedures. Some licensees have been granted MICS variation approval to perform reduced audit procedures. Due to the lack of any reported issues by the licensees that were granted such variations, the Board hereby grants the following slots MICS variation approvals to all Group I nonrestricted licensees who choose to accept the related conditions:

Slots MICS #77b (Version 5) Variation

Each Group I nonrestricted licensee is granted a variation to physically count coin in wagering instrument redemption machines on a quarterly basis rather than a weekly basis in order to perform a reconciliation of the cash in the wagering instrument redemption machines. When the physical coin remaining in a wagering instrument redemption machine is not counted, the amount of coin the wagering instrument redemption machine reports as remaining in the machine should be used for the coin portion of this reconciliation. This variation is granted conditioned that currency and tickets continue to be dropped from the machine on at least a weekly basis and reconciled pursuant to Slots #77b.

Slots MICS #192 (Version 5) Variation

Each Group I nonrestricted licensee is granted a variation to weekly foot the tickets (wagering instruments and payout receipts) redeemed at wagering instrument redemption machines and trace the redeemed totals to the totals recorded in the system and the related accountability documents for the tickets from some, rather than from all, wagering instrument redemption machines. This variation is granted conditioned that tickets from the greater of (a) at least one wagering instrument redemption machine or (b) 10% of the wagering instrument redemption machines on the casino floor, are footed/traced each week. Additionally, tickets from all wagering instrument redemption machines must be footed/traced at least one day each quarter. Documentation is to be maintained for five years evidencing the wagering instrument redemption machines reviewed, the exceptions noted and any follow-up of exceptions.

Slot Analysis Reports

Slots MICS #115 addressing slot analysis reports states, in part, that:

“A report is produced at least monthly showing year-to-date combined slot machine performance by denomination. All multi-denomination machines are grouped as a separate category from other denominations in the slot analysis report....”

Various licensees have installed and are using a computerized slot system to produce slot analysis reports. Several of these systems are not configured to provide a separate category for the multi-denomination slot machines in the slot analysis report. Accordingly, for those licensees with such Board-approved computerized slot system, a variation of this specific requirement is required.

Slots MICS #115 (Version 5) Variation

Each Group I nonrestricted licensee is granted a variation to allow multi-denomination slot machines to be included in any category of the slot analysis report when the Board-approved computerized slot system cannot be configured to separate multi-denomination slot machines into its own category of the slot analysis report. All other aspects of Slots MICS #115 are to be followed.

Please be advised that upon the installation and use of a Board-approved computerized slot system which can configure multi-denomination slot machines in a separate category (i.e., typically, the installation of an on-line slot metering system meeting the requirements of Regulation 14, Technical Standard 3) this variation is automatically revoked.

Amendments to the written system of internal control, as needed, should be submitted within 30 days of the date of this letter to the Audit Division (Attn: Kathleen Gannon, if sent to the Las Vegas office or Attn: John Leeming if sent to the Reno office) indicating the revised procedures regarding the use of wagering instrument redemption machines and slot analysis reports when implementing procedures related to these variation approvals.

Please be advised that the Board retains the discretion to revoke and/or modify these MICS variation approvals.

Any questions regarding these matters should be directed to Internal Control Coordinator Kathleen Gannon, telephone number (702) 486-2060, e-mail kgannon@gcb.nv.gov.

Sincerely,

Mark A. Clayton  
Board Member

MAC/KG

cc: Dennis K. Neilander, Board Chairman  
Bobby L. Siller, Board Member  
Audit Division – Las Vegas  
Audit Division – Reno  
Records and Research Services