

Auditor's Name and Date

Internal Audit Compliance Checklist

**BRANCH OFFICES
TESTING PROCEDURES**

Licensee: _____ Review Period: _____

NGC Regulation 6.090(15) requires the internal auditor to use guidelines, checklists and other “criteria established by the Chair” in determining whether a Group I licensee is in compliance with applicable statutes, regulation, and Minimum Internal Control Standards (MICS). The use of this checklist satisfies these requirements.

Objectives:

To determine if the controls for branch offices are adequate to ensure credit and collection procedures comply with the Regulations and the MICS.

Scope:

As used in this checklist, the term “branch office” includes physical offices that can take possession of currency and/or monetary equivalents from a patron for account deposits and/or payment on credit instruments. The branch office is responsible for the funds received and is required to record the transactions on a branch office accountability form. A branch office can be within another business, a residence, or any other physical space. A branch office can be operated by a licensee’s employee, marketing representative or an independent agent. This term does not include branch offices operated by an independent agent who the licensee has not authorized to accept, on the licensee’s behalf, account deposits or payments on credit instruments. A single branch office may be used by multiple licensees.

As used in this checklist, the term “independent agent” means an individual meeting such definition at NRS 463.0164 and having been authorized to accept, on the licensee’s behalf, account deposits or payments on credit instruments.

Branch offices and/or independent agents that either took possession of more than \$500,000 (cash or non-cash) in deposits or collected, in total, more than \$500,000 (cash or non-cash) on credit instruments during the previous fiscal year, or more than \$500,000 in the fiscal year to date are visited and compliance reviewed at **least every other year**.

Branch offices not meeting the aforementioned \$500,000 criteria are visited and compliance reviewed at **least once every five years**.

This walk-through checklist is intended for such visits and should not be completed as part of “in-house” walk-through procedures. **Review the list of branch offices (Cage and Credit MICS #97) and independent agents (Cage and Credit MICS #98) submitted to the Board’s Audit Division (Cage and Credit MICS #99) in determining which branch offices are to be visited. A copy of this list should be included in the internal audit workpapers.**

Indicate Branch Office Visited and Date of Visit: _____

Preparation:

Review the MICS variations and regulation waivers scheduled during the cage and credit walk-through procedures. Review the written system of internal control, including collection practices when applicable, for any additional controls concerning branch offices. Modify and/or perform additional procedures as applicable. Note below the number of the procedure modified or added. Only the last two columns need to be completed if the remaining information is scheduled elsewhere. Refer to the workpaper where the details are scheduled.

✓ - Step completed without exception

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Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Checklist Completion Notes:

- 1) Each step contains a parenthetical notation at the end of the step to designate the purpose of the step. Steps to ascertain compliance with a regulation or minimum standards will be followed by the appropriate regulation or standard. Steps to test the clerical accuracy of revenue will be followed by "Revenue". Steps to determine whether assets were protected will be followed by "Asset Protection".
- 2) Document the completion of the procedures listed below. All exceptions noted should be carried to the Audit Report/Summary of Findings for timely follow-up. Indicate the workpaper reference in which the exception has been carried forward to, as applicable, in the "Exception/Comment" column.

				Step completed without exception	Exception/Comment
Branch Office:		Test Date:			
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the NGCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow-up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary.					
2. Prior to the branch office visit, obtain a current listing of the accounts held by the branch office. Reconcile this listing to the credit instruments contained in the branch office. (MICS #22) Note: This should be done by individual account, not by population.					
3. For the current listing selected in the previous step, trace a sample of 5 patron account balances to the casino accounts receivable listings. (MICS #22 and #68)					

✓ - Step completed without exception

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			Step completed without exception	Exception/Comment
Branch Office:		Test Date:		
4. Inquire as to the whereabouts of deposits that are being held by the branch office (e.g., safe or desk in the branch office, bank safe deposit box), count the funds and have the branch office representative account for said funds. All amounts counted are traced to the amount recorded on the appropriate accountability form to ensure the proper amount is recorded. Documentation is maintained evidencing the count amounts for each area and the subsequent comparison to the appropriate accountability form. (Asset Protection)				
5. Review the collection effort for all active accounts to ensure that a reasonable effort was documented. Regulation 6.120(3)				
6. For any written-off accounts in the branch office inventory, review the collection effort to ensure that a reasonable effort was documented prior to write-off. Regulation 6.120(3)				
7. For any settled accounts in the branch office inventory, examine the settlement forms for the following requirements imposed by Regulation 6.120(6) :				
a. Debt is settled with the patron or his representative [as further explained in Regulation 6.120(6) .				
b. The settlement is authorized by persons designated to do so in the licensee's system of internal control and is reflected in a single document including the items listed below: Regulation 6.120(6)(b)				
1) Patron's name.				
2) The original amount of the credit instrument.				
3) The amount of the settlement stated in words.				
4) The date of the agreement.				
5) The reason for the settlement.				
6) The signatures of the licensee's employees who authorized the settlement				

✓ - Step completed without exception

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				Step completed without exception	Exception/Comment
Branch Office:		Test Date:			
7) The patron's signature.					
8. Determine whether any of the settlement forms examined in the previous step have been in the branch office over 72 hours of when the patron's credit account records are updated. (MICS #35)					
9. Reconcile the current day's front money balance on the branch office accountability to underlying documentation. (Asset Protection)					
Obtain the most recent month's bank records for the branch office for the performance of step #10.					
10. Reconcile the portion of bank deposits which include payments on markers to the total collections amount recorded on the branch office log and appropriate cage records to ensure that all collections are being properly recorded. (Revenue)					
11. Upon returning to the home office, trace the most recent month's collections recorded in the branch office to the home office records. (Revenue)					
12. Obtain a copy of the most recent annual "Branch Office Report" submitted to the Board's Audit Division; verify the accuracy of the collections, deposits and withdrawals recorded for the branch office visited on this report. Note: The branch office's monthly logs indicating the payments received and the deposit/withdrawal transactions are to be used for this procedure.					
<u>Procedures Modified or Added:</u>					

✓ - Step completed without exception