

NEVADA GAMING CONTROL BOARD
MINIMUM INTERNAL CONTROL STANDARDS

RACE AND SPORTS

- Note 1: The term “kiosk” as used in these MICS refers to a self-activated machine that patrons use to place wagers, cash tickets/vouchers, open accounts, make account deposits, and/or withdrawals and is considered a writer/cashier station. MICS applicable to writers/cashiers (or writer/cashier stations) are also applicable to a kiosk unless otherwise stated within the MICS.
- Note 2: A book licensed to accept pari-mutuel wagers must also comply with the Pari-Mutuel MICS. A pari-mutuel book, including pari-mutuel only books, must comply with the Race and Sports MICS, as applicable.
- Note 3: For any Board-authorized computer applications, alternate documentation and/or procedures which provide at least the level of control described by these MICS as determined by the Audit Division will be acceptable, and a MICS variation pursuant to Regulation 6.090 will be unnecessary.
- Note 4: These MICS apply to satellite and outstation books (as defined in Regulation 22) unless otherwise stated within the MICS.
- Note 5: These MICS apply to any Board approved inter-casino linked system. The operator of the inter-casino linked system and the licensee may share responsibility for compliance, with some procedures performed by the licensee and others performed by the operator. All required procedures must be delineated within the race and sports section of the written system of internal control pursuant to Regulation 6.090, including the specific procedures performed by the operator.
- Note 6: A “signature” on a document provides evidence of the person’s involvement and/or authorization of the intentions reflected in the document. A signature is either handwritten or electronic.
- A “handwritten signature” is typically in the form of a stylized script associated with a person. The stylized script “signature” may include the first letter of the person’s first name along with the person’s full last name. The “initials” of the person would not meet the requirement of a “signature.”
 - An “electronic signature” is defined in NRS 719. The “electronic signature” is to be linked with an electronic document which uniquely identifies the individual (e.g., employee or patron) entering the “signature.” Additionally, the use of an “electronic signature” must comply with the applicable IT MICS.
- The type of signatures used (i.e., handwritten or electronic) must be delineated within the race and sports section of the written system of internal control pursuant to Regulation 6.090.
- Note 7: For an “electronic signature,” procedures must be implemented to provide at least the same level of control as described by these MICS.
- Note 8: As used in these MICS, the term “WAT” means wagering account transfer. “WAT in” means amounts wagered by the patron and/or transfers to a game/gaming device pursuant to Regulation 5.225(12) and “WAT out” means amounts won by the patron and/or transfers from a game/gaming device pursuant to Regulation 5.225(11).
- Note 9: If the race and sports department utilizes wagering accounts, compliance with Cage and Credit MICS for wagering accounts is required. Such procedures, including the area(s) of accountability, must be delineated within the race and sports section of the written system of internal control pursuant to Regulation 6.090.
- Note 10: For Board approved computerized systems that are used solely for race and sports wagering accounts, compliance with Race and Sports MICS #62(i) and #63 for wagering account reports may be used in lieu of the reports required by Cage and Credit MICS #47 - #51. However, compliance with Cage and Credit MICS #36 - #46 is required, with the exception of #39(a)(2).

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- Note 11: For WAT and/or wagering instrument transactions between gaming areas and/or affiliated properties, the race and sports section of the written system of internal control pursuant to Regulation 6.090 must delineate procedures describing how such transactions are accounted for and recorded.
- Note 12: If wagering accounts are limited to race and sports books only, then, in lieu of the requirements of Cage and Credit MICS #39(a)(1), verification of a patron's identification may be performed at central site books, at an outstation, satellite, or affiliated book.
- Note 13: For gaming devices which offer wagers attributable to multiple gaming areas (e.g., slot play and live race and sports play), procedures are established and will include at a minimum how revenue is accounted for, reconciled, and recorded. The use of these gaming devices and the established procedures must be delineated within the specific sections of the written system of internal control pursuant to Regulation 6.090.

Equipment Standards

1. The date and time generated by the race and sports computer system during ticket writing is tested each day by a supervisor independent of the ticket writing and cashiering function (this person may also be independent of the book). For outstation and satellite books this test is performed at the location where the administrative function is performed.
2. Race and sports books must contact the Naval Observatory Master Clock to verify the correct time each day events are held and wagers are accepted. The race and sports computer system should then be adjusted as required.

Note 1: A telephone number for the Naval Observatory Master Clock is (202) 762-1401.

Note 2: The above MICS does not apply to outstation and satellite books if the time cannot be changed by employees of such books.

Note 3: The above MICS does not apply when the time within the race and sports computer system is kept accurate through the use of an independent automated update process.
3. The test performed pursuant to MICS #1, and any adjustments necessary due to discrepancies, is documented in a log (or in another equivalent manner) which includes the station number, date, time of test, time per race and sports computer system, name or signature of the employee performing the test, and any other relevant information. For outstation and satellite books, the logs must be made available at each licensed location upon request.
4. All date and time stamping machines used for voided tickets and manual payouts are directly and permanently wired to the electrical supply system or have a back-up power source to ensure an accurate time in the event of power loss to the machines.
5. Only personnel independent of the book have access to fuses or other similar power control mechanisms used in connection with the stamping machines.
6. At least once each day someone independent of the ticket writing function examines and tests the stamping machines to ensure the date and time accuracy to the nearest minute. For satellite books this test can be performed by the ticket writer.

Note: If the stamping machine is interfaced with a time clock such that the time on the stamping machine is kept accurate through the use of an independent automated update process, then this procedure is not required.
7. In addition to performing the test pursuant to MICS #6, the same test is performed at least weekly by someone independent of the book.

Note: For satellite books the test may be performed by an employee of the host property.

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8. The test, and any adjustments necessary due to discrepancies, is documented in a log (or in another equivalent manner) which includes the station number, date, time of test, time on machine, name or signature of employee performing the test, and any other relevant information.
9. Keys (originals and all duplicates) to the date and time stamping machines are maintained and used by a department or personnel who are independent of the ticket writing and cashiering functions.

Wagering Standards

10. Whenever a betting station is opened/closed for wagering or turned over to a new writer/cashier, the writer/cashier signs on/off and the race and sports computer system creates a record indicating the writer's/cashier's identity, the date and time, station number, and the fact that the station was opened/closed.
11. Upon accepting a wager, a record of the wager is created in the race and sports computer system which contains the ticket number, the date and time, and terms of the wager. The terms of the wager (listed as the "ticket description" in the race and sports computer system reports) include: event/racing meet (or race track), event/race number, event/race date, wager selection (e.g., horse number or team name and number), type of wager (e.g., money line bet, point spreads, over/under amounts, win, place, or show), and dollar amount wagered. The record of the wager is documented as follows:

- a. An original betting ticket that includes the book's name and address is printed and given to the patron.

Note: If a wager is placed using communications technology an original betting ticket does not need to be created. Regulation 22.140 requires that all wagering communications shall be electronically recorded (separate from the race and sports computer system) and retained for a period of 60 days.

- b. A restricted computer system record which is created concurrently with the generation of the original betting ticket. The restricted record is not accessible to book employees except for inquiry only functions.

12. If a book voids a betting ticket then:

- a. A void designation is immediately branded by the race and sports computer system on the ticket with the computer system updated to reflect the void transaction. Alternatively, a ticket can be voided manually in the race and sports computer system by entering or scanning the ticket number to update the computer system to reflect the void transaction and immediately writing/stamping a void designation on the original ticket.
- b. For not-in-computer voids, the date and time when the ticket was voided is stamped on the original.
- c. All voids are signed by the writer/cashier and a supervisor (who did not write the ticket) at the time of the void. The supervisor may be from another gaming department. For satellite books the second signature can be a supervisor of the host property.

Note: If the original ticket is unavailable (e.g., printer malfunction) a document is created to reflect the void transaction.

13. A sporting event wager is not accepted after the start of the event unless "in progress" or a similar notation is indicated on the original and each copy of the betting ticket, and the race and sports computer system creates and maintains a record that documents the supervisor's approval.

Note: The second half of a football game, for example, is considered a separate event when set up in the race and sports computer system as an independent event for accepting wagers; accordingly supervisor approval does not need to be recorded as long as the wager is accepted before the start of the second half.

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14. A race wager is not accepted after the occurrence of post time, as defined in Regulation 22.
15. Race event documentation (i.e., track sheet) is created daily and includes, at a minimum, the race date, the name of track, the race number, and field of horses scheduled to run by horse number and name for each race. The race event document is updated to indicate any horses subsequently scratched. This document is forwarded to the accounting/audit department at the end of day.
16. The wagering cutoff times are established in accordance with the provisions of Regulation 22 and entered into the race and sports computer system.
17. The race and sports computer system either is incapable of transacting/accepting a wager subsequent to the above cutoff times or produces a report which specifically identifies such wagers.
18. The race and sports computer system either is incapable of voiding a ticket subsequent to the cutoff time or produces a report which specifically identifies such voided tickets.
19. The race and sports computer system is incapable of allowing a cutoff/starting time to be entered into the race and sports computer system (including changes to cutoff/starting times) that is a time earlier than the current time of day.
20. Tickets will not be written or voided after the outcome of an event is known.
21. A gaming establishment that is only licensed for a sports pool (and not a race book) cannot accept a wager on horse or other animal races.

Book Wagering Reports

22. Within 24 hours after the end of a designated 24-hour period, wagering multiple transaction logs created pursuant to Regulation 22.062 are submitted to the accounting department.
23. If book wagering reports are prepared by race and sports book personnel pursuant to Regulation 22.061, the completed book wagering reports are submitted to the accounting department by no later than 24 hours after month end.

Payout Standards

24. Vouchers issued by the race and sports computer system (including through kiosks) must include: the voucher number, the book's name and address, the date/time, and dollar amount.

Note: The above MICS applies to vouchers issued as payment for winning wagers, "change due" from a wager transaction, and as a result of a purchase of a voucher.

25. Prior to patrons receiving payouts on winning tickets, event/race results are entered into the race and sports computer system for computerized grading of all wagers. Unpaid winning ticket and voucher reports are restricted to authorized personnel independent of the race and sports book.
26. Prior to making payment on a ticket/voucher or crediting the winnings to the patron's wagering account:
 - a. The writer/cashier enters or scans the ticket/voucher number into the race and sports computer system to authorize the payment; or
 - b. For wagering account wagers, when the event results are posted in the race and sports computer system, the computer system automatically authorizes payment of winning wagers and updates the patron's wagering account.

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27. After scanning by the writer/cashier, the race and sports computer system brands the ticket/voucher with a paid designation, the amount of payment, and date. Alternatively, if a writer/cashier manually enters or scans the ticket/voucher number into the race and sports computer system, the writer/cashier either immediately writes/stamps the date, amount of payment, and a paid designation on the patron's ticket/voucher or attaches to the patron's copy a computer system "paid" ticket which indicates a paid designation, the ticket/voucher number, the amount of payment, and date.

Note: When a kiosk is used for the payment of a winning ticket, it is acceptable to maintain the electronic image of the winning ticket, which contains a paid designation, rather than the physical copy of the patron's ticket. The retention period of the electronic image of the paid winning ticket must comply with Regulation 6.060.

28. In case of race and sports computer system failure, tickets may be paid. In those instances where race and sports computer system failure has occurred and tickets are manually paid, a log will be maintained which includes:

- a. Date and time of race and sports computer system failure.
- b. Reason for failure.
- c. Date and time race and sports computer system is restored.

29. For all payouts which are made without race and sports computer system authorization, after the manual grading of the ticket, the date and time must be stamped on the patron's copy, and the amount of the payment and a paid designation is written (or stamped) on the patron's copy of the ticket/voucher.

30. For those payouts, including payouts for contest/tournament winners, that are made without race and sports computer system authorization (i.e., system inoperative):

- a. Before completing the payout, the book manager or other authorized supervisory personnel reviews the documentation supporting and explaining the payout and signs the ticket/voucher as evidence of review.
- b. An individual, once the race and sports computer system is operative, immediately enters all manually paid tickets/vouchers into the race and sports computer system to verify the accuracy of the amount paid for the tickets/vouchers and the manual grading of the tickets. Should the race and sports computer system remain inoperative at the end of the day, the procedures required by MICS #77(c) are required.

Note: Any manually paid tickets that had been previously purged from the race and sports computer system do not need to be entered into the race and sports computer system.

31. The race and sports computer system is incapable of authorizing payment on a ticket/voucher which has been previously paid, a voided ticket/voucher, a losing ticket, or an unissued ticket/voucher.

32. The use of digitally represented wagering instruments is acceptable when using a Board approved system, which includes approved functionality for the use of such wagering instruments. The procedures for such wagering instruments must provide at least the same level of control described by these MICS and must be delineated within the race and sports section of the written system of internal control pursuant to Regulation 6.090.

33. Tickets/vouchers found by employees are held in a secure location until claimed by a patron or until such time as the tickets/vouchers expire or are paid.

34. If a progressive pool is used for wagers, adequate documentation is retained regarding the rules.

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Kiosks

35. The book shall establish procedures for in-person wagering account registration at a kiosk for sports and nonpari-mutuel race wagering. Such procedures must be delineated within the race and sports section of the written system of internal control pursuant to Regulation 6.090. In addition, the procedures established must ensure that:
- a. For sports and nonpari-mutuel wagering account withdrawals transacted at a kiosk, each patron is limited to a daily maximum withdrawal amount of \$500.
 - b. For any sports and nonpari-mutuel wagering account withdrawals initiated at a kiosk, compliance with the procedures of Cage and Credit MICS #43 is to be met if the requested withdrawal exceeds the daily maximum limit of \$500.

Promotional Payouts, Drawings, and Giveaway Programs

36. The conditions for participating in promotional payouts, including drawings and giveaway programs, are prominently displayed or available for patron review at the licensed location.
37. Promotional payouts, including those as a result of drawings and giveaway programs, that are either deducted from gross gaming revenue, or are greater than or equal to \$500 and not deducted from gross gaming revenue, are documented at the time of the payout to include the following:
- a. Date and time.
 - b. Dollar amount of payout or description of personal property (e.g., car).
 - c. Reason for payout (e.g., promotion name).
 - d. Signature(s) of the following number of employees verifying, authorizing, and completing the promotional payout with the patron:
 - 1) Two employee signatures for all payouts of \$100 or more that are deducted from gross gaming revenue;
Note: For approved computerized systems that validate and print the dollar amount of the payout on a computer-generated form, only one employee signature is required on the payout form.
 - 2) One employee signature for payouts of less than \$100 that are deducted from gross gaming revenue; or
 - 3) One employee signature for payouts of \$500 or more that are not deducted from gross gaming revenue.
 - e. Patron's name (for drawings only).
- Note: MICS #37 documentation may be prepared by an individual who is not a race and sports book department employee as long as the required signatures are those of the employees completing the payout with the patron.
38. If promotional cash (or cash equivalent) payouts, including those as a result of drawings and giveaway programs, is less than \$500 and are not deducted from gross gaming revenue, documentation is created to support bank accountability.
- Note: Required documentation may consist of a line item on a cage or race and sports accountability document (e.g., "43 \$10 race and sports cash giveaway coupons = \$430").

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Contests/Tournaments

Note: MICS #39 - #45 apply to contests/tournaments conducted at a single book, and also to those conducted at multiple, affiliated books.

39. All contest/tournament entry fees, rebuys, payouts, participant's wagering selections, and contest/tournament results are recorded in the race and sports computer system.

Note 1: The above MICS does not apply to contests/tournaments that are free to enter (i.e., no entry fees or other prerequisites such as a minimum amount of wagers to qualify).

Note 2: Noncash prize payouts from contests/tournaments are to be completed in accordance with MICS #36 - #38. Such payouts are not required to be recorded in the race and sports computer system.

40. When contest/tournament entry fees, rebuys, and payouts are transacted, the transactions are recorded on a document which contains:
- a. Patron's name.
 - b. Date of entry/rebuy/payout.
 - c. Dollar amount of entry fee/rebuy/payout (both alpha and numeric, or unalterable numeric) and/or nature and dollar value of any noncash payout.
 - d. Signature of individual completing the transaction attesting to the receipt or disbursement of the entry fee/rebuy/payout with the patron and, for contest/tournament winners, the verification through the race and sports computer system of the winner.
 - e. Name of contest/tournament.
41. A monthly log is maintained which lists all contests/tournaments (including free contests/tournaments) held during the month, summarizing total entry fees/rebuys and total payouts (cash and non-cash prizes) to participants by individual contest/tournament.
42. The contest/tournament entry fees, rebuys, and payouts are summarized and posted to the accounting records on at least a monthly basis.
43. Contest/tournament rules are included on all entry forms/brochures and are prominently displayed or available for patron review at the licensed location. The rules must include at a minimum:
- a. All conditions patrons must meet to qualify for entry into, and advancement through, the contest/tournament.
 - b. Specific information pertaining to any single contest/tournament, including the dollar amount of money placed into the prize pool.
 - c. The distribution of funds based on specific outcomes.
 - d. The name of the organizations (or persons) registered pursuant to NRS 463.169 that conducted the contest/tournament on behalf of, or in conjunction with, the licensee if applicable.

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44. Results of each contest/tournament are recorded and available for participants to review. The recording includes the name of the event, date(s) of event, total number of entries, dollar amount of entry fees/rebuys, total prize pool, and the dollar amount paid for each winning category. The name of each winner is recorded and maintained but not made available to the participants unless authorized by management personnel.

Note: For free tournaments (i.e., patron does not pay an entry fee/rebuy), the information required by the above MICS must be recorded except for the number of entries, dollar amount of entry fees/rebuys, and total prize pool.

45. The aforementioned contest/tournament records are maintained for each event.

Checkout Standards

46. The race and sports computer system indicates the amount of net cash that should be in each writer/cashier station. A supervisor is required to access this information. A supervisor simultaneously acting as a writer, may not have access to their own net cash information.

47. For each writer/cashier station, a summary report is completed at the conclusion of each shift including:

- a. Computation of cash turned in for the shift, and any variances between the cash turn-in and the amount of net cash that the race and sports computer system indicates should be in each station.
- b. Signatures of two employees who have verified the cash proceeds turned in for the shift.

Note 1: MICS #47 is also to be performed whenever there is a change of a writer/cashier at a station during a shift. In such a case when the cash is transferred from one writer/cashier to the next writer/cashier, the cash summary report for the shift is to reflect for each writer/cashier and each station the amount of cash turn-in and any variances between the cash turn-in and the amount of net cash that the race and sports computer system indicates should be in each writer/cashier station.

Note 2: MICS #47 does not apply to areas outside the race and sports book area (e.g., casino cage) that cash tickets.

Note 3: MICS #47 does not apply to kiosks.

Note 4: Alternatively, MICS #46 and #47 may be performed for each writer/cashier rather than each writer/cashier station.

48. For each kiosk:

- a. At least weekly, a minimum of two employees remove all contents (excluding coin) from the kiosk.
- b. At least weekly, a minimum of two employees count the cash removed from the kiosk and document the count.
- c. At least quarterly, a minimum of two employees remove the coin from the kiosk, count the coin, and document the count.
- d. Whenever employees remove contents (e.g., winning tickets, vouchers, or cash) from a kiosk, or cash/coin is inserted into a kiosk, reports are generated from the kiosk regarding kiosk transactions and accountability.
- e. At least weekly, an employee reconciles kiosk transactions. The cash remaining in each kiosk (including cash accepted by the kiosk) is compared to the cash initially loaded into the kiosk (i.e., imprest amount) plus/minus cash transactions (e.g., winning tickets, jackpot payouts, sales, ATM transactions, check cashing, wagering account transactions, vouchers, or bill breaking). The kiosk reports are compared to the transactions recorded by the other systems (e.g., jackpot payouts or CWS). Variances are documented and investigated.

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- f. Winning tickets and/or vouchers are ultimately delivered to the accounting/finance department or stored in a secure area under the control of the accounting/finance department.

Employee Segregation of Duties

Note: Administrative functions include setting up events, changing event data, and entering results at any time.

49. Employees who perform the supervisory function of approving void tickets do not write tickets unless:
- a. The only supervisory function allowed is approval of void tickets prior to post time.
 - b. A supervisor, acting as a writer, may not authorize a void for a ticket which he wrote.
 - c. All tickets written by a supervisor which are subsequently voided and all not-in-computer voids must be recorded in a log, used specifically for that purpose, which indicates the supervisor's/writer's name and the name of the person authorizing the void.
 - d. The log must be forwarded to a department independent of the book (i.e., accounting/audit) on a daily basis for a 100% audit of void tickets (using the log and the tickets) for the proper signatures on the ticket, a void designation on the ticket, date and time of the void on the ticket (for not-in-computer voids), any indications of past-post voiding, and other appropriate regulation compliance. Any discrepancies noted and investigations performed must be documented in writing and maintained.
 - e. A department independent of the book (i.e., accounting/audit) must perform a 100% audit of the exception report for any inappropriate use of the supervisory password. Any discrepancies noted and investigations performed must be documented in writing and maintained.
50. Employees, including supervisors, who write or cash tickets are prohibited from accessing the administrative terminal or performing administrative functions.

Note: An employee assigned writer/cashier functions is not allowed to switch for certain shifts or days to having administrative functions. Conversely, an employee assigned administrative functions is not allowed to switch for certain shifts or days to having writer/cashier functions.

Generic Passwords for Casino Cage Cashiers

Note: MICS #51 does not apply when a supervisor signs onto a common terminal with his or her individual password and the supervisor takes responsibility for the race and sports payouts.

51. Generic passwords for the race and sports computer system are prohibited in the casino cage unless:
- a. Each cashier redeems tickets from the cashier's assigned window bank.
 - b. After verifying the winning ticket in the race and sports computer system, the cashier then signs the patron's copy of the ticket, immediately date/time stamps the ticket at the cashier's assigned window, and then maintains the ticket in the cashier's cash drawer.
 - c. Each cashier is assigned a unique date/time stamp used solely at the cashier's assigned window.
 - d. Payouts of \$2,000 or more require the supervisor to enter the supervisor's approval code and to sign the ticket.

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- e. Payouts of \$10,000 or more require supervisory personnel independent of the cage department to enter an approval code and to sign the ticket.
- f. A summary sheet is prepared which lists all of the cashiers working that shift, the cashiers' assigned windows, the date/time stamp identification, and the total tickets cashed per cashier. The total of that report is then balanced to the total cashed per the race and sports book end-of-shift report.
- g. Any discrepancies noted and investigations performed are documented in writing and maintained.

Computerized Player Tracking Systems

Note 1: Compliance with MICS #52 - #59 is required for all computerized race and sports player tracking systems.

Note 2: As used in these Race and Sports MICS, the term "point" or "points" is a generic term and refers to a representative of value awarded to a patron based upon specific criterion established by the licensee. Commonly, points are earned by patrons by placing wagers or purchasing room, food, beverage, or entertainment admissions. Patron accounts in a player tracking system are used to track points earned/awarded to patrons.

- 52. The addition/deletion of points to player tracking accounts other than through an automated process related to actual play must be sufficiently documented (including substantiation of reasons for increases) and authorized/performed by supervisory personnel of the player tracking, promotions, or race and sports departments. The addition/deletion of points to player tracking accounts authorized by supervisory personnel is documented and is randomly verified by accounting/audit personnel on a quarterly basis.

Note: The above MICS does not apply to the deletion of points related to inactive or closed accounts through an automated process.

- 53. The issuance of wagering credits, both through and other than through actual race and sports play, must be sufficiently documented and authorized by management personnel independent of the race and sports department. Alternatively, race and sports supervisory personnel may authorize the issuance of the wagering credits if sufficient documentation is generated and personnel independent of the race and sports department on a quarterly basis randomly verify the issuance. The player tracking system creates and maintains documentation indicating the wagering credits issued.
- 54. Patron computerized player tracking accounts (active, inactive, and closed) are controlled in a manner that precludes any one individual from misappropriating the points. Such procedures must be delineated within the race and sports section of the written system of internal control pursuant to Regulation 6.090.

Note: Procedures may include, but are not limited to, controls around the creation of player's club cards, resetting of the password/PIN, and/or establishment of user provisioning for proper segregation of duties.

- 55. The licensee shall establish procedures for reactivating inactive or closed patron computerized player tracking accounts which requires the involvement of at least two employees. Documentation evidencing the involvement of two employees is created and maintained for each account reactivated. Such procedures must be delineated within the race and sports section of the written system of internal control pursuant to Regulation 6.090.
- 56. Patron identification is required when redeeming points without a player tracking card.
- 57. Changes to the player tracking system parameters, such as point structures and employee access, must be performed by supervisory personnel independent of the race and sports department. Alternatively, changes to player tracking system parameters may be performed by race and sports supervisory personnel if sufficient documentation is generated and the propriety of the changes are randomly verified by personnel independent of the race and sports department on a quarterly basis.

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58. All other changes to the player tracking system must be appropriately documented.
59. Rules and policies for player tracking accounts including the awarding, redeeming, and expiration of points are prominently displayed or available for patron review at the licensed location.

Computer Reports

Note 1: Documentation equivalent to the following must be prepared for satellite books on a “per book” basis.

Note 2: Wagers placed using communications technology can be included in the documentation of the central site book that accepted and recorded the patron’s wager. If so, such procedures must be delineated within the race and sports section of the written system of internal control pursuant to Regulation 6.090.

60. Adequate documentation of all pertinent race and sports book information is generated by the race and sports computer system.
61. This documentation is restricted to authorized personnel. The generation of end-of-day race and sports computer system reports must be performed by or observed by an employee from a department independent of the race and sports book department. Each report indicates the date, book’s name (or other identifier), and title of report.

Note: As used in MICS #62 and #63 race and sports computer system report descriptions, the term “ticket description” refers to the terms of the wager as described in MICS #11.

62. Race and sports computer system documentation is created daily and includes, at a minimum, the following reports:
- a. Transaction report which lists, by writer/cashier, for each write, payout, and void transaction: the ticket number, transaction date and time, writer/cashier station number, writer/cashier number, transaction type, ticket description, and amount of transaction. The report lists, by writer/cashier, and in total, the amount of write, voids, payouts, vouchers issued, and vouchers redeemed.

Note: The transaction report may be a combination of more than one report (e.g., one for write and one for payouts). Wagering account transactions may be in a separate wagering account transaction report
 - b. Race prices report which lists, for each meet’s race: the race date and time (stop betting time), the race number, the winners (e.g., horse identification), and payout amounts for the different types of wagers.
 - c. Sports book results report which lists, for each event: the event date and cutoff time (as previously entered into the race and sports computer system), the event (e.g., team names and team identifications), and the event results/winners.
 - d. Futures reconciliation report which lists the amount of, by date of event/race for today and future event dates: wagers written on previous days (previous write), wagers written today on future events (write today or future write), wagers written on previous days refunded today (previous canceled today), wagers written on previous days for today’s event/race (futures back-in), and total remaining wagers written for events/races in the future (net write).
 - e. Futures reports:
 - 1) Futures back-in ticket detail report which lists the tickets written on previous days for events/races occurring today, by event/race, including: the ticket number, ticket description, and date of event/race. The report lists the total amount of wagers written on previous days for today’s event/race.

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- 2) Future ticket detail report which lists the tickets written on previous days and today for events/races in the future, by date of event/race and by event/race, including: the ticket number, ticket description, and date of event/race. The future tickets detail report lists totals of the amount of wagers by date of event/race, by event/race and for all tickets.

f. Unpaid reports:

- 1) Unpaid winners detail ticket report which lists the unexpired, winning tickets that have not been paid including: the event/race date, ticket number, ticket description, and amount to be paid and payout amounts in total.
- 2) Unredeemed voucher detail report which lists the unexpired vouchers that have not been redeemed including: the voucher number, date of issue, and amount of voucher and vouchers in total.

Note: Tickets and vouchers expire when the period of time the book will honor winning wagers/vouchers has lapsed.

g. Purge reports:

- 1) Purge detail ticket report which lists the expired, winning tickets that have not been paid, by ticket number, including: the event/race date, ticket number, ticket description, and amount of payout.
- 2) Purge detail voucher report which lists the expired vouchers that have not been redeemed including: the voucher number, date of issue, and amount of voucher. The report lists total amount of vouchers to be added back into revenue.

Note: Tickets and vouchers expire when the period of time the book will honor winning wagers/vouchers has lapsed.

h. Unpays and voucher summary reports:

- 1) Unpays summary report which lists the amount of: beginning balance of unpaid tickets, previously unpaid tickets paid today, new unpaid tickets (i.e., unpaid ticket from event/race occurred today), and ending balance of unpaid tickets.
- 2) Voucher summary report which lists the amount of: beginning balance of unredeemed vouchers, previously unredeemed vouchers redeemed today, new unredeemed vouchers (i.e., vouchers issued today and remained unredeemed), and ending balance of unredeemed vouchers.

Note: The beginning balance is not required to be listed on the report as long as the previous day's ending balance of unpaid/unredeemed is available.

i. Wagering account reports as follows:

- 1) Daily account wagering detail report which lists by writer/cashier station number, each transaction including: writer/cashier station number, wagering account number, the transaction (e.g., wager, deposit, or withdrawal), and the transaction amount. The report lists totals by transaction type.

Note 1: The daily account wagering detail report may be a part of the wagering account transaction reports or a combination of reports.

Note 2: The writer/cashier station number is not identified when the patron places a wager through a mobile device.

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- 2) Daily account wagering summary report which lists by writer/cashier station number, for wagering accounts with activity for the day, by wagering account and in total: the amount of deposits, winnings, voided wagers, wagers, withdrawals, and other adjustments. The report lists totals for write, voids/canceled, net write, payouts, and net win.

- j. Accrual basis recap report which lists the amount of tickets written today for today's events/races (current write), wagers written today on future events (future write), wagers written on previous days for today's event/race (futures back-in), accrual write, payouts from wagers written today and paid today (current payouts), payouts paid today for events on previous days (previous payouts), unpaid winners from event/race occurred today (current unpaids), accrual payout, unpaid winners and unredeemed vouchers expired today (unpaids to revenue), taxable revenue, and book revenue. The accrual basis recap report is a daily and month-to-date report. Daily and month-to-date amounts may be reflected in separate reports rather than one report.

Note 1: As used in the above accrual basis recap report:

- Accrual write is equal to: current write (+) futures back-in.
- Accrual payout is equal to: current payouts (+) current unpaids.
- Book (accounting) revenue is equal to: accrual write (-) accrual payouts (+) unpaids to revenue.
- For cash basis, taxable revenue on NGC tax returns is equal to: current write (+) future write (-) current payouts (-) previous payouts (+) expired unredeemed vouchers when vouchers were included in payout amounts.
- For modified accrual basis, taxable revenue on NGC tax returns is equal to: accrual write (-) current payouts (-) previous payouts (+) expired unredeemed vouchers when vouchers were included in payout amounts.

Note 2: Alternatively, the accrual basis recap report may include "today's write" and "today's payouts" rather than "current write" and "current payouts" as follows:

- Today's write is equal to: current write (+) future write.
- Today's payouts is equal to: current payouts (+) previous payouts.

k. Exception information (sorted by exception type), including:

- 1) Voids, past-post voids, in-progress voids, past-post write, and in-progress write.
- 2) Changes in odds, cut-off times, results, and event data.
- 3) All supervisory approvals.

63. The race and sports computer system documentation for wagering account activity is created on demand, and includes, at a minimum, for a day, month-to-date, year-to-date, and two-year cumulative basis:

- a. Customer transaction detail report that lists, by wagering account and in total, for all wagering accounts: the wagering account number, beginning balance, each deposit (date and amount), wagers and canceled wagers (ticket number, transaction date and time, and ticket description), winning wagers (ticket number, transaction date and time, ticket description, and payout amount), net win, withdrawals (date and amount), adjustments (date and amount), and ending balance.
- b. Customer transaction summary report that lists, by wagering account and in total, for all wagering accounts: the wagering account number, patron's name, beginning balance, deposits, amount of wagers (write and canceled wagers), amount of winning wagers, net win, withdrawals, adjustments, and ending balance.

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Note 1: All wagering accounts regardless of account balance must be included on the customer transaction summary report.

Note 2: Daily, month-to-date, year-to-date, and two-year cumulative amounts may be reflected in separate reports rather than one report.

In-house Progressives

Note: MICS #64 and #65 also apply to an inter-casino linked system with a progressive, for affiliates.

64. At least daily, each race and sports progressive payoff schedule is manually read and recorded. Progressive readings are forwarded to accounting daily.
65. On a daily basis for each progressive, audit/accounting personnel use the progressive meter readings required by MICS #64 to create and maintain progressive logs, which include at a minimum:
 - a. Date the progressive was placed on the floor.
 - b. Base amount of progressive payoff schedule when first exposed for play.
 - c. Current amount of each progressive payoff schedule.
 - d. Explanation of each payout supporting a decrease to the payoff schedule:
 - 1) Date;
 - 2) Amount; and
 - 3) Payoff form number.
 - e. Investigate any variances noted and document and maintain the results of the investigation.

Accounting/Audit Standards

66. The race and sports book audit is conducted by someone independent of the race, sports, and pari-mutuel operation.

Note: Such personnel may also perform the audit function for the outstation book of affiliated properties (and vice versa).

67. At least quarterly, for each kiosk, foot the winning tickets and/or vouchers redeemed for a week (or one drop period if dropped more frequently) and trace the totals to the totals recorded in the system(s) and the related accountability document. This procedure may be performed for different kiosks throughout the quarter as long as each kiosk is examined once per quarter. Document the test and the results of investigations into all variances, by kiosk.

Note: This procedure may be performed by non-accounting personnel as long as the individual has not performed the reconciliation required by MICS #48.

68. Quarterly, procedures are performed to verify the integrity of the CWS (e.g., ensure that vouchers are only being created by active terminals on the casino floor). The nature of the review must be delineated within the race and sports section of the written system of internal control pursuant to Regulation 6.090. Review the sequential voucher exception report, if available, for breaks in the sequence or other unusual activity. Investigate improper transactions or unusual occurrences and document the results.

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69. At least annually, accounting/audit personnel will foot the write on the restricted computer system record of written tickets for a minimum of three writers/cashiers for each race book and three writers/cashiers for each sports pool for one day and trace the total to the total produced by the race and sports computer system.
 70. Accounting/audit personnel foot the customer copy of paid tickets for a minimum of one writer/cashier station for one day per month and trace the totals to those produced by the race and sports computer system.
 71. At least annually, for one day, accounting/audit personnel foot the redeemed vouchers for one writer/cashier station and trace the totals to those produced by the system(s).
 72. Daily, reconcile issued, voided, and redeemed vouchers to the unpaid and expired vouchers dollar amount using the reports generated by the system. Investigate and document any variances noted.
 73. Daily, for each writer/cashier station except for kiosks, the write and payouts are compared to the cash proceeds/disbursements with a documented investigation being performed on all large variances (i.e., overages or shortages greater than \$100 per writer/cashier).
 74. Daily, reconcile the dollar amount of WAT in and WAT out per the WAT By Gaming Area report to the transaction report. Investigate and document any variances noted.
 75. Daily, select a random sample of five paid transactions from the race and sports computer system transaction report and trace the transaction to the customer's copy of the paid ticket.
 76. Daily, for all sports book winning tickets and winning parlay card tickets in excess of \$10,000, for all race book winning tickets in excess of \$1,000, and for a random sample of ten of all other winning race and sports book tickets:
 - a. The tickets are recalculated and regraded using the race and sports computer system record of event results.
 - b. The date and starting time of the event/race per the results report are compared to the date and time on the ticket and in the race and sports computer system transaction report.
 - c. The terms of the wagers (e.g., point spreads or money lines) per the race and sports computer system transaction report or other report indicating all point spreads and money lines at which wagers were written are reviewed and compared to an independent source for questionable activity (see Regulation 22.125).
- Note 1: For sports book winning tickets and parlay card tickets, the terms of the wagers can be compared to an independent source such as a newspaper (or its website), sports league website, a licensed sports information service or other reputable source.
- Note 2: The same transactions selected for MICS #77 examination may be used as part of the sample selected for MICS #78.
77. Daily, accounting/audit personnel, for payouts made without race and sports computer system authorization at the time of payment including such payouts for contest/tournament winners, will:
 - a. Trace all payouts to the race and sports computer system transaction report or the purged tickets report to verify authenticity of the initial wager.
 - b. For payouts subsequently entered into the race and sports computer system by race and sports personnel, compare the manual payout amount to the race and sports computer system amount.

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- c. For payouts not entered into the race and sports computer system by race and sports personnel, enter the payout into the race and sports computer system and compare the manual payout amount to the race and sports computer system amount. If the system is inoperative, manually regrade the ticket to ensure the proper payout amount was made.

Note: Appeasement payments (e.g., nonwinning ticket payouts resulting from a customer complaint or employee error) are not deductible from gross revenue.

- 78. Daily, the race and sports computer system's summary of events/results report is traced to an independent source for 5% of all sporting events and 5% of all races to verify the accuracy of starting times (if available from an independent source) and final result.

Note: The starting times for sporting events and races that are wagered on in conjunction with a tournament or contest is included in population from which the 5% sample is chosen.

- 79. Daily, for all voided tickets:

- a. The race and sports computer system reports which display voided ticket information are examined to verify that tickets were properly voided in the computer system.
- b. The voided tickets are examined for a void designation and proper signatures, and for not-in-computer voids, the date and time stamp on the ticket for the time of the void.
- c. For a race and sports computer system that prints void tickets, a void ticket attached to the original ticket.

- 80. System exception reports are reviewed on a daily basis for propriety of transactions and unusual occurrences including, but not limited to: changes in odds, cut-off times, results, and event data (both information input by book employees, and information provided directly by a disseminator); in-progress events and void authorizations. All noted improper transactions or unusual occurrences noted during the review of exception reports are investigated with the results documented.

Note: An exception report is defined as a report produced by the computerized system identifying unusual occurrences, changes to system configuration parameters, alteration to initially recorded data, voids, etc.

- 81. At least one day per calendar quarter, the race and sports computer system reports (and as applicable the pari-mutuel computer system reports) are reviewed, for Regulation 22.040 compliance purposes, for the proper calculation of the following:

- a. Amounts held by the book for patrons' wagering accounts;

Note: Only applicable if wagering accounts are used exclusively for race and sports.

- b. Amounts accepted by the book as wagers on events whose outcomes have not been determined (futures); and
- c. Amounts owed but unpaid by the book on winning wagers through the period established by the book for honoring winning wagers (unpaid winners and unredeemed vouchers).

- 82. For one day per calendar quarter, accounting/audit personnel:

- a. Recalculate and verify the change in the unpaid winners and unredeemed vouchers balance to the total purged tickets and vouchers.
- b. If future wagers are accepted, review the race and sports computer system reports to ascertain that future wagers are properly included in write on the day of the event.

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- c. Select two nonpari-mutuel race quinella winning tickets (if such tickets exist for the test day), two other nonpari-mutuel race winning tickets and two sports winning tickets to verify that the wager was accepted and payouts were made in accordance with the posted house rules.
83. Accounting/audit personnel reviews all wagering multiple transaction logs, and either ensures that book wagering reports have been completed for all reportable transactions or prepares book wagering reports for all reportable transactions pursuant to Regulation 22.061.
84. The book wagering report is signed by the employee who prepared the report.
85. Accounting remits all book wagering reports to the Board in accordance with Regulation 22.061.
86. Monthly, accounting/audit personnel review all contest, tournament, promotional payout, drawing, and giveaway program documentation to determine proper accounting treatment and proper race and sports book gross revenue computation.
87. For all contests, tournaments, promotional payouts (including payouts from computerized player tracking activity), drawings, and giveaway programs the following documentation is maintained:
- a. Copies of the information provided to the patrons describing the contests, tournaments, promotional payouts, drawings, and giveaway programs (e.g., brochures or flyers).
 - b. Effective dates.
 - c. Accounting treatment, including general ledger accounts, if applicable.
 - d. For tournaments and contests, the dollar amount of the prize pool. Additionally, if applicable, include the amount of contributions to the prize pool by patrons and the amount supplemented by the licensee.
 - e. For tournaments and contests, the name of the organizations (or persons) registered pursuant to NRS 463.169 that conducted the contest/tournament on behalf of, or in conjunction with, the licensee, if any. The extent of responsibilities (including MICS compliance responsibilities) each organization and the licensee had in the contest/tournament (e.g., ABC nonprofit is to receive 100% of the entry fees and provide noncash prizes for the winners with the licensee collecting entry fees, operating the tournament, and distributing prizes to winners) will also be documented.
88. Monthly, accounting/audit personnel perform procedures to ensure that contests, tournaments, promotional payouts, drawings, and giveaway programs are conducted in accordance with the conditions provided to the patrons. The procedures must include a review of documents, interviews of employees on the property, and on premise observations of the licensed establishment. The results of the review, interviews, and observations must be documented and maintained.
- Note: Interviews and observations are still required to be performed even if no such promotions are generally offered as to ensure all promotions are captured, properly accounted for, and conducted in accordance with the conditions provided to patrons.
89. Daily, accounting/audit personnel reconcile all contest/tournament entry, rebuy, and payout forms to the dollar amounts recorded in the appropriate accountability document and race and sports computer system report.
90. When payment is made to the winners of a contest/tournament, accounting/audit personnel will reconcile the contest/tournament entry fees/rebuys collected to the actual contest/tournament payouts made. This reconciliation is to determine whether based on the entry fees/rebuys collected, the payouts made and the amounts withheld by the gaming establishment, if applicable, were distributed in accordance with the contest/tournament rules.

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91. Each month accounting personnel review system documentation that supports the dollar amount of expired vouchers. This dollar amount less any manually paid expired vouchers is verified to be included in revenue on the NGC tax returns. The system's unpaid vouchers documentation, including voucher numbers, is restricted to authorized personnel.
92. For one day each month, accounting/audit personnel reconcile the dollar amount of active wagering instruments created, other than through race and sports play, to the wagering instruments reflected in the race and sports bank accountability documents. The reconciliation includes using documents and system reports supporting all additions and reductions of active wagering instruments to the appropriate accountability area.
93. Monthly, reconcile the total amount of WAT in and WAT out per the WAT Summary report to the month-end accrual basis recap report. This reconciliation is documented and maintained. All variances are reviewed, documented and maintained.
94. Monthly, accounting/audit personnel reconcile gross revenue from the month-end accrual basis recap report to the general ledger and to the monthly NGC tax returns. This reconciliation is documented and maintained. All variances are reviewed, documented, and maintained. The following adjustments, with supporting documents, may need to be reflected in this reconciliation:
- Vouchers.
 - Contest/tournament revenue by event.
 - Promotions.
 - Pro rata share of an inter-casino linked system payout.
 - Revenue resulting from a gaming device attributable to multiple gaming areas.
 - Other allowable adjustments impacting reported race and sports revenue.
95. Prior to submission of the NGC tax returns for the month, the reconciliations required by MICS #93 and #94 are completed, and any follow-up performed is documented and maintained. Any variances noted are resolved prior to submission of the tax returns.
96. Monthly, accounting/audit personnel review the accounting records (including the reconciliation documentation from MICS #93 and #94) and the NGC tax returns to ensure that the write and win has been properly reported according to the appropriate revenue area (i.e., nonpari-mutuel race write and win listed under race, pari-mutuel race write and win included under pari-mutuel race, etc.).
97. Monthly, accounting/audit personnel review the NGC-32 form to determine that all nonpari-mutuel race wagers have been reported, broken out by disseminator and by track. If a single wager is accepted involving more than one track (e.g., a parlay wager off the board), determine that the wager is apportioned on a pro rata basis to each track.
- Note: This procedure must be calculated manually when the race and sports computer system does not properly apportion a single wager involving more than one track on a pro rata basis to each track.
98. Monthly, accounting/audit personnel reconciles the information on the NGC-32 form to pari-mutuel and nonpari-mutuel write and win information reported on the corresponding NGC-31 report, with the reconciliation documented and any variances investigated.
99. For race books (including pari-mutuel only books), monthly, a copy of the original NGC-32 form that was submitted to the Board is forwarded to the respective disseminators in accordance with Regulation 20.030.
- Note: The NGC-32 form must be submitted to the Board and a copy forwarded to a disseminator even if there were no race wagers accepted or payouts made.

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100. Quarterly, an inventory of all sensitive race and sports keys is performed and reconciled to records of keys made, issued, and destroyed. Investigations are performed for all keys unaccounted for, with the investigations being documented.

Note: Sensitive keys include, but are not limited to, keys used to access restricted computer storage media and/or restricted equipment used to conduct the race and sports book (i.e., administrative computer terminal), to the date and time stamping machines, and kiosks.

101. If a progressive pool is used for wagers, accounting/audit personnel recalculate the progressive increment based on the wagering activity, at least once a week. Any variance is reviewed with the investigation results documented and maintained.

102. For race and sports computerized player tracking systems, an accounting/audit employee shall perform the following procedures at least one day per quarter:

- a. Review all point addition/deletion authorization documentation, other than for point additions/deletions made through an automated process, for propriety.
- b. Review exception reports for propriety of transactions and unusual occurrences. The review should include, but is not limited to, transfers between accounts.
- c. Review the documentation related to reactivating inactive and closed accounts created in MICS #55 for the involvement of two employees.

103. At least annually, the computerized race and sports player tracking system (in-house developed and purchased systems) is reviewed by personnel independent of the individuals that set up or make changes to the system parameters. The review is performed to determine that the configuration parameters are accurate and have not been altered without appropriate management authorization (e.g., verify the accuracy of the awarding of points based on the dollar amount wagered). The system should also be tested, if possible, to further verify the accuracy of the configuration parameters (e.g., simulate activity to verify the accuracy of the amount of points awarded). The test results are documented and maintained.

104. Documentation (e.g., log, checklist, notation on reports, and tapes attached to original documents) is maintained evidencing the performance of race and sports audit procedures, including any reviews, the exceptions noted, and follow-up of all race and sports audit exceptions.

Statistics

105. Reports are maintained for each month and year-to-date which indicate the total amount of wagers accepted, total amount paid out on winning wagers, the net amount won by the book (i.e., taxable win), and the win-to-write percentage for:

- a. Each sport (e.g., baseball, basketball, football, hockey, golf, or boxing).
- b. Sports parlay cards.
- c. Nonpari-mutuel horse/greyhound racing.

106. A report is maintained for each month and year-to-date which indicates, for pari-mutuel horse racing, the total amount of wagers accepted, the net amount won by the book (i.e., pari-mutuel gross revenue), and the win-to-write percentage.

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107. The month-end race and sports statistical reports required by MICS #105 and #106 (prepared prior to the submission of the NGC tax returns for the month in which the activity occurred) are presented to and reviewed by management independent of the race and sports book on at least a monthly basis and such management investigates any large or unusual statistical fluctuations. The investigation is to be completed no later than 30 days after the generation of the month-end race and sports statistical report. The results of such investigations are documented in writing and maintained.
108. The above referenced review will be performed by comparing the current period statistics for each type of event with those of applicable prior periods with investigations performed for statistical fluctuations for a month in excess of $\pm 5\%$.

Note 1: Common comparisons include either:

- The current month to the same month from the previous year.
- A rolling year-to-date to the same year-to-date period from the prior year.

Note 2: The calculation of the statistics based upon “accounting records (or book) win” is not required and not a substitute for calculating statistics based upon NGC tax return write and win. However, such a calculation may be used as part of an analysis of any statistical fluctuations.

Inter-Casino Linked System for Affiliates

Note: MICS #109 - #111 apply to the operator/hub of the inter-casino linked system.

109. Monthly, accounting/audit personnel:
- a. Foot all invoices/contribution reports prepared by the operator/hub of the inter-casino linked system and trace to each payout.
 - b. Foot all NGC tax return deductions by participating licensed affiliates to the total amount calculated by the operator/hub.
110. Quarterly, accounting/audit personnel:
- a. Review changes to the rate of progression pursuant to Regulation 5.112.
 - b. Review all limits placed on progressive payoff schedules. Perform observations of the casino floor to ensure proper notices have been placed at or near each game to which the limit applies.
111. For all progressive payoff schedules that have been reduced or eliminated, ensure compliance with Regulation 5.112.

Payout Procedures for Mail-In Winning Race and Sports Tickets and Vouchers

112. Accounting/audit personnel or personnel independent of the race and sports book receive the original winning race/sports tickets and vouchers.
113. Accounting/audit personnel or personnel independent of the race and sports book record the winning race/sports tickets and vouchers on a log as a mail pay. The log includes the date received, patron’s name, race/sports ticket number or voucher number, and dollar amount.
114. The winning race/sports tickets and vouchers are entered into the race and sports computer system by race and sports personnel or accounting/audit personnel for validation and cancellation.

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115. Accounting/audit personnel compare the “paid” winning race/sports tickets and “paid” vouchers to the mail pay log and the race and sports computer system report for “paid” winning race and sports tickets and vouchers. Any discrepancies are documented and reviewed with race and sports and accounting management personnel.
116. Accounting/audit personnel, independent of the individual(s) who processed the mail pay winning tickets and vouchers, reviews the patron’s correspondence submitted, the winning race/sports tickets and vouchers, the mail pay log, and the race and sports computer system report for “paid” winning race and sports tickets and “paid” vouchers for any discrepancies. Any discrepancies are documented and resolved prior to remitting the proper payment amount to the patron.