

# NEVADA GAMING CONTROL BOARD INTERNAL CONTROL PROCEDURES

## BINGO

Note 1: For any Nevada Gaming Control Board (“Board”) authorized computer applications, alternate documentation and/or procedures which provide at least the level of control described by these Internal Control Procedures (“ICP” or “ICPs”) as determined by the Tax and License Division will be acceptable, and an ICP variation pursuant to Regulation 6.100 will be unnecessary.

Note 2: 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 does not meet the requirements of a “signature,” or;

An “electronic signature” is defined in NRS 719.100. The “electronic signature” is linked with an electronic document, which uniquely identifies the individual (e.g., employee, patron) entering the “signature.”

Note 3: For all licensees utilizing wagering accounts [Regulation 5.225], the Cage and Credit and/or Information Technology Minimum Internal Control Standards (MICS) are required to be followed, pursuant to Regulation 6.090, as they relate to wagering accounts.

### **Access to Sensitive Areas**

Note: A “pack” is a predetermined, orderly combination of two or more bingo cards (paper or electronic) played in one or more bingo games.

1. Access to controlled bingo equipment (e.g., blower, balls in play, and back-up balls) is restricted to authorized personnel.
2. Bingo balls are inspected prior to being placed into play each day, to ensure that each ball has an equal chance of being selected during the games of the bingo session. The inspection is performed by a minimum of two employees and is documented. The document includes date and time of inspection, procedures performed, inspection results, investigation of noted exceptions, and signatures of the individuals completing the inspection. Prior to each session, a verification is performed to ensure that all numbered balls are accounted for and in play.
3. Bingo equipment is maintained and checked for accuracy on a periodic basis.
4. The bingo card/pack inventory (including electronic cards/packs) is controlled so as to ensure the integrity of the cards/packs being used.

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### Game Play Procedures

5. Bingo cards/packs (electronic and paper) are sold consecutively, through the assigning of a transaction number, beginning with the lowest unassigned transaction number.  
  
Note: ICP #5 is not applicable if the cards/packs (electronic and paper) available for sale are individually inventoried by a Board authorized bingo system.
6. When an electronic bingo card/pack is sold, a unique number of the bingo card/pack sold to the patron for play during the upcoming bingo session is immediately recorded in an unalterable manner and maintained.  
  
Note 1: The unique number is associated with the face numbers on the bingo card/pack and is used to evidence that the bingo card/pack was purchased for the session being played.  
  
Note 2: ICPs #5 - #6 allow for bingo cards/packs to be sold after the start of a session.
7. The bingo computer system, including computerized point-of-sale systems used for recording paper card/pack sales, will record the card/pack sale (electronic and paper) on a restricted transaction log or computer storage media.  
  
Note 1: ICP #7 only applies to paper bingo card sales in those cases when the licensee uses a computerized point-of-sale system. If a licensee does have a computerized point-of-sale system, the paper bingo cards sold must be manually entered into the system.  
  
Note 2: If a licensee does not use a computerized point-of-sale system to record card/pack sales, no restricted transaction log or computer storage media is required.
8. Bingo personnel are precluded from having unrestricted access to the restricted transaction log or computer storage media.
9. When it is necessary to void a bingo card/pack sale:
  - a. For a bingo computer system, the void information is input in the computer and the computer documents the appropriate information pertaining to the voided card/pack sale. A supervisor authorizes the voiding of the card/pack sale through the bingo computer system. For electronic bingo devices, the voiding process includes deactivating the bingo card(s)/pack(s) in the original electronic bingo device, if new bingo cards/packs are issued in a replacement electronic bingo device; or
  - b. For a manual bingo operation, the bingo card is marked "void" and signed by a supervisor authorizing the voiding of the card sale. The voided bingo card is sent to accounting/audit for review.
10. Controls exist to prevent the voiding of card/pack sales after the end of the first game of a session for which the bingo card/pack was sold. If a card/pack requires voiding after the start of calling of

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the game, the reason for the void must be documented. The employee selling the bingo card/pack and supervisor must sign the documentation authorizing the void. The documentation must be forwarded to accounting/audit for review.

11. The controls in effect for bingo card/pack sales in outstations, if applicable, are identical to those in effect for the primary bingo game.
12. All sales of bingo cards/packs are documented on a session bingo card sales report by recording at least the following:
  - a. Date and time the summary report is completed;  
  
Note: ICP #12(a) does not apply to the date and time of each sale.
  - b. Session identifier;
  - c. The beginning and ending assigned transaction numbers of cards/packs sold, by type, if applicable;  
  
Note: ICP #12(c) is not applicable, if the cards/packs (electronic and paper) available for sale are individually inventoried by a bingo system.
  - d. Number of cards/packs sold, by type;
  - e. Dollar amount of cards/packs sold, by type;
  - f. Total dollar amount of cards/packs sold; and
  - g. Signatures or other identifier of seller(s).
13. An individual independent of the seller performs the following for each seller at the end of each session:
  - a. For each card/pack type, reconcile the documented total dollar amount of cards/packs sold to the documented number of cards/packs sold;
  - b. For each card/pack type, reconcile the number of cards/packs sold by reviewing the documented beginning and ending assigned transaction number to the documented number of cards/packs sold;
  - c. For paper cards sold, compare the documented ending assigned transaction number to the beginning transaction number of the paper card inventory, to ensure the paper cards are used in a consecutive number order; and
  - d. Any noted variance is investigated with the results of the follow-up documented.

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14. Procedures are utilized to ensure the correct calling of numbers selected in the bingo game.
15. Each ball is shown to a television camera immediately before or after it is called, so that it is individually displayed to all patrons.

Note: If a Board authorized Smart Ball Blower system is used, a digital image of the ball number drawn may be displayed to patrons with the following conditions:

- a. Bingo personnel must monitor the system (the drawn ball in the blower and the digital image) to ensure that the correct digital number is displayed to patrons; and
  - b. Patrons must be allowed to visually observe the drawn balls in the blower immediately upon request.
16. Controls are present to ensure that the numbered balls are placed back into the selection device prior to calling the next game.

### **Payout Procedures**

17. The authenticity of each payout, including the payout amount and type of winning card, is verified by at least two persons.

Note: A computerized card verification system may function as the second person verifying the payout, if the card with the winning numbers and its type are determined by the verifying system and it is displayed to patrons in the bingo room.

18. Prior to payment of a winning paper or electronic bingo card, procedures are performed to ensure that the winning bingo card was sold for the session and the game during which it was played, and was not voided.
19. Payouts of a predetermined amount, not to exceed \$1,200, require verification and written approval of a supervisor independent of the transaction.

Note: Compliance with ICPs #18 - #19 is met if the Board authorized bingo system, that includes an approved computerized card verifying the system, individually inventories the cards/packs (electronic and paper) available for sale and ensures the winning card is within the established inventory.

20. Payouts are recorded by game and in total for the session on a payout report. The payout report is signed by two persons that witnessed and verified the dollar amount of the recorded payouts.

### **Promotional Payouts, Drawings, and Giveaway Programs**

21. The conditions for participating in promotional payouts, including drawings and giveaway programs, are prominently displayed or available for patron review at the licensed location.

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22. Promotional payouts, including those as a result of drawings and giveaway programs, that are either deducted from gross gaming revenue or are \$500 or more and not deducted from gross gaming revenue, are documented at the time of payout on a multi-part form (minimum two-part form) that includes the following:

- a. Date, time, and session;
- b. Dollar amount of payout (both alpha and numeric) or description of personal property (e.g., jacket, toaster, car, etc.);
- c. Reason for payout (i.e., 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 \$20 or more that are deducted from gross gaming revenue; or

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 \$20 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).

23. If the promotional cash (or cash equivalent) payout, is less than \$500 and is not deducted from gross gaming revenue, documentation is created to support bank accountability.

Note: Required documentation consists of a line item on a cage or bingo accountability document (e.g., forty-three \$10 bingo cash giveaway coupons = \$430).

### **Checkout Procedures**

24. All funds to operate the bingo department are recorded on an accountability form.

25. All funds involved in the bingo operation are counted by at least two employees and reconciled to the recorded amounts at the end of each session. All personnel involved in the count sign the accountability form.

Note 1: ICP #25 is also performed whenever there is a change of seller during a session. In such a case when the cash is transferred from one seller to the next seller, the session bingo

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card/pack sales and payout report is to reflect for each seller and for the session, the amount of cash turn-in, and any variances between the cash turn-in and the amount of net cash that is turned in for each seller.

Note 2: Alternatively, ICP #25 is performed at the end of each shift rather than at the end of each session, if the cash remains with the seller.

### **Random Number Generator (if applicable)**

Note: A bingo game with a random number generator that determines win or loss must have received Board approval as a gaming device.

26. The numbers selected by the random number generator are directly relayed to, and automatically recorded in, the bingo computer system, which creates a record indicating the date, game number, time the game was closed, and numbers drawn.

### **Accounting and Statistical Records**

27. A bingo revenue summary is maintained which includes write (card/pack sales), payouts, win, and a win-to-write hold percentage for:
  - a. Each session (session win-to-write hold percentage is not required);
  - b. Each day;
  - c. Month-to-date; and
  - d. Year-to-date.
28. At least monthly, management reviews the bingo revenue summary statistical information and investigates any large or unusual statistical fluctuations.
29. The results of such investigations are documented and maintained for Board inspection.

### **Contests/Tournaments**

30. All contest/tournament entry fees and payouts, including mail transactions, are summarized on an accountability document on a daily basis.
31. When contest/tournament entry fees and payouts are transacted, the transactions are recorded on a document which contains:
  - a. Patron's name;
  - b. Date of entry or payout;

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- c. Dollar amount of entry fee or 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/payout with the patron; and
  - e. Name of contest/tournament.
32. Contest/tournament entry fees and payouts are summarized and posted to the accounting records on at least a monthly basis.
33. 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 in the prize pool;
  - c. The distribution of funds based on specific outcomes; and
  - d. The name of the organization, or persons, registered pursuant to NRS 463.169 that conducted the contest/tournament on behalf of, or in conjunction with, the licensee, if applicable.
34. Results of each contest/tournament are recorded and available for participants to review. The recording includes: name of event, date(s) of event, total number of entries, dollar amount of entry fees, total prize pool, and 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.
35. The aforementioned contest/tournament records are maintained for each event.

### **Computerized Player Tracking Systems**

Note 1: Compliance with ICPs #36 – #41 is required for all computerized bingo player tracking systems.

Note 2: As used in ICPs #36 – #41, the term “point” or “points” is a generic term and refers to a representative of value awarded to a patron based upon specific criteria established by the licensee. Commonly, points are earned by patrons placing wagers or purchasing room nights, food, beverage, or entertainment admissions. Patron accounts in a player tracking system are used to track points earned and awarded to patrons.

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36. The addition and 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 bingo department. The addition and deletion of points to player tracking accounts, authorized by supervisory personnel, are documented and randomly verified by accounting/audit personnel on a quarterly basis.

Note: ICP #36 does not apply to the deletion of points related to inactive or closed accounts through an automated process.

37. Personnel who redeem points for patrons cannot have access to inactive or closed accounts without supervisory personnel authorization. Documentation of such access and approval is created and maintained.
38. Patron identification is required when redeeming points without a player tracking card.
39. Changes to the player tracking system parameters, such as point structures and employee access, must be performed by supervisory personnel independent of the bingo department. Alternatively, changes to player tracking system parameters may be performed by bingo supervisory personnel, if sufficient documentation is generated and the propriety of the changes are randomly verified by supervisory personnel independent of the bingo department, on a quarterly basis.
40. All other changes to the player tracking system must be appropriately documented.
41. Rules and policies for player tracking accounts, including awarding, redeeming, and the expiration of points, are prominently displayed or available for patron review at the licensed location.

### **Accounting/Audit Procedures**

42. Bingo accounting/audit procedures are performed by personnel independent of bingo operations.
43. Bingo accounting/audit personnel performs the following:
- a. Daily, review the session bingo card/packs sales reports for proper completion and to determine that the dollar amounts of cards/packs sold are properly calculated;
  - b. Daily, review the payout report to determine that the dollar amount of payouts is properly calculated and for the proper signatures as required by ICP #20;
  - c. Daily, review all payouts in excess of the predetermined amount, as required by ICP #19, for proper supervisor payout authorization;
  - d. Daily, compare net cash proceeds to the audited bingo win/loss, by session, and investigate any large cash overages or shortages (i.e., at least \$25);



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- e. Review all voids of bingo card/pack sales for proper completion and supervisory approval. For bingo computer systems, a review of the system report of voided bingo sales is also performed in determining appropriate supervisor authorization of voided card/pack sales;
- f. If a manual ball drawing device is used and a bingo computer system generates a drawn number frequency report, then at least weekly the numerical frequency distribution is reviewed for potential patterns and missing numbers during the previous four-week period;
- g. If a random number generator is used, at least weekly, the numerical frequency distribution is reviewed for potential patterns during the previous four-week period; and
- h. For computerized bingo systems, review system exception information on daily basis for propriety of transactions and unusual occurrences. The review must include, but is not limited to, electronic bingo device malfunctions.

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

- 44. Monthly, accounting/audit personnel reconcile gross revenue from the bingo revenue summary and the general ledger to the monthly Nevada Gaming Commission ("NGC") tax returns. The reconciliation is documented and maintained. All variances are supported by documentation, reviewed, and maintained. Any variances noted are resolved prior to submission of the NGC tax returns.
- 45. Monthly, accounting/audit personnel review all contests, tournaments, promotional payouts, drawings, and giveaway programs to determine proper accounting treatment and proper win/loss computation.
- 46. For bingo computerized player tracking systems, accounting/audit personnel 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, including transfers between accounts; and
  - c. Review documentation related to access to inactive and closed accounts.
- 47. At least annually, the computerized bingo player tracking system 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.

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48. 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 patrons describing the contests, tournaments, promotional payouts, drawings, and giveaway programs (e.g., brochures, flyers, etc.);
  - b. Effective dates; and
  - c. Accounting treatment, including general ledger accounts, if applicable.
49. Monthly, accounting/audit personnel perform procedures to ensure that 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 along with employee interviews and/or observations.
50. Accounting/audit personnel reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document.
51. When payment is made to the winners of a contest/tournament, accounting/audit personnel reconcile the contest/tournament entry fees collected to the actual contest/tournament payouts made. This reconciliation is to determine whether, based on the entry fees collected, the payouts made, and the amounts withheld by the gaming establishment, if applicable, were distributed in accordance with the contest/tournament rules.
52. Annually, an inventory of all sensitive bingo 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 bingo game (e.g., bingo blower and back-up bingo ball inventories).
53. Documentation (e.g., log, checklist, notation on reports, tapes attached to original documents, etc.) is maintained evidencing the performance of bingo accounting/audit procedures, the exceptions noted and follow-up of all exceptions. All changes made to bingo documents by accounting/audit personnel are distinguishable (e.g., made in red ink) from those made during the preparation of the document.