

NEVADA GAMING CONTROL BOARD INTERNAL CONTROL PROCEDURES

CARD GAMES

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 applicable 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: The term “shift” as used in these procedures refers to an 8-hour interval unless otherwise approved by the Board. For card games open less than 24 hours, a shift may be a maximum of 12 hours.

Note 3: 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 to be linked with an electronic document which uniquely identifies the individual (e.g., employee, patron) entering the “signature.”

Note 4: As used in these ICPs, the term Wagering Voucher (“voucher”) is defined in NRS 463.369.

Supervision

1. Supervision is provided at all times, in the card room while in operation, by an employee with authority equal to or greater than those being supervised.

Note: ICP #1 is not applicable to unforeseen situations that require a licensee or a licensed key employee to deal.

2. Transfers between table banks and the main card room bank (or casino cage, if a main card room bank is not used) are authorized and verified by supervisory personnel and evidenced by the use of a lammer button or transfer slip.

Note: A lammer button or transfer slip is not required if the exchange of chips, tokens, and/or currency takes place at the table.

3. Transfers from the main card room bank (or casino cage pursuant to a Regulation 23.045 waiver, if a main card room bank is not used) to the table banks are verified by the card room dealer and the runner.

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4. If applicable, transfers between the main card room bank and the casino cage are authorized by a supervisor and documented using a transfer slip or other similar record.
5. A rake must be collected in accordance with the posted rules unless otherwise authorized by a supervisor.

Drop Procedures

6. At the close of each shift, all locked card games drop boxes are removed from the tables by two employees, at least one of whom is independent of the card games department.
7. Procedures are implemented to ensure that unauthorized access to empty card games drop boxes does not occur from the time the boxes leave the secured area or storage racks until the boxes are placed on the tables.
8. Upon removal from tables, the card games drop boxes are transported directly to the count room or other secure area by a minimum of two employees, at least one of whom is independent of the card games department.
9. If more than one trip is required to remove the card games drop boxes from the tables, the boxes are either locked in the count room or secured in another equivalent manner.
10. If not counted immediately, the card game drop boxes are locked in a secure manner until the count takes place, with access to the stored card games drop boxes, full or empty, restricted to authorized members of the drop and count teams.

Count Procedures

Note: The card games count begins with the opening of the first drop box and ends when the independent verifier signs the card games count sheet and assumes accountability of the proceeds.

11. The count of card games revenue is performed by a minimum of two employees who are independent of the card games department and the department responsible for the subsequent accountability of the card games drop proceeds. At no time during the count will there be fewer than two employees in the count room.

Note: The use of a cage cashier is acceptable. Accounting/audit personnel may be used if there is an independent audit of count documentation. If a cage cashier is used, this person is not allowed to perform the recording function (e.g., does not write amounts down or enter amounts into a computerized system) or accept funds into the cage accountability.

12. Access to stored card games drop boxes, full or empty, is restricted to authorized members of the drop and count teams.

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13. Access to the count room during a count is restricted to members of the drop and count teams, authorized observers, supervisors for resolution of problems, and authorized maintenance personnel.
14. All coins, tokens, chips, and/or cash inventory stored in the count room is secured from unauthorized access at all times during the drop and count process.
15. The card games drop boxes are individually emptied and counted in such a manner as to prevent the commingling of contents between boxes before the box contents have been counted and recorded.
16. Drop boxes, when empty, are shown to another member of the count team or to recorded or live surveillance, provided the count is monitored in its entirety by someone independent of the count.
17. The contents of each box (chips, vouchers, foreign chips, coupons, or other promotional items included in reported gross revenue, etc.) are recorded in ink or other permanent form of recordation on the card games count sheet. Coupons or other promotional items not included in reported gross revenue may be recorded on a supplemental document, by either the count team members or accounting/audit personnel. All single-use coupons are cancelled daily, by either the count team members or accounting/audit personnel, to prevent improper recirculation.
18. Corrections on any card games count documentation are made by crossing out the error, entering the correct figure, and then obtaining the signatures or initials of at least two count team members who verified the change.
19. Transfers of coins, tokens, coupons, or currency in or out of the count room are strictly prohibited until all count and verification procedures are completed.
20. At the conclusion of the count, the drop amount recorded on the count sheet is reconciled to the drop proceeds in the count room by a count team member who does not function as the sole recorder, with variances reconciled and documented.
21. Immediately after the count sheet has been reconciled to the drop, all personnel participating in the count process sign the count sheet to attest to their presence, the accuracy of the amount recorded, and the procedures performed.
22. An employee who is independent of the count team performs an independent count of the card games drop proceeds and reconciles it to the drop amount recorded on the count sheet, with variances reconciled and documented.
23. The independent employee who verified the count, certifies by signature on the card games count sheet as to the accuracy of the amount received, and assumes accountability of the drop proceeds or secures the drop paperwork.
24. An employee who does not accept accountability of the card games drop proceeds, transports the card games count sheet, with all supporting documents, to the accounting/audit department

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immediately after the verifier signs it. Alternatively, it may be adequately secured (e.g., locked container to which only accounting/audit personnel may gain access) until retrieved by the accounting/audit department.

Note: A copy of the count sheet that is faxed, scanned, or emailed to another location (e.g., corporate office) by the independent verifier will be considered acceptable, if the faxed, scanned, or email copy is compared and reconciled to the original drop paperwork and the casino accountability or bank deposit.

Key Controls

25. The card games drop box release keys are separately keyed from the card games box contents keys. Additionally, card games drop box release keys are not keyed for releasing slot currency acceptor drop boxes.
26. The physical custody of the keys, including duplicates, needed to access the stored drop boxes, full or empty, requires the physical involvement of at least two employees.
27. Card games drop box release keys are maintained by a department independent of the card games department.
28. Only personnel authorized to remove the card games drop boxes from the tables are allowed access to the card games drop box release keys. The same personnel are precluded from having access to card games drop box contents keys and card games drop box release keys simultaneously.

Note: The count team members may have access to the release keys during the count in order to reset the card games drop boxes.

29. Two count team members are required to accompany the count keys from the time of issuance until the time of return.
30. Access to the card games drop box contents key, at other than scheduled count times, requires the involvement of at least two employees. A report is maintained indicating the date, time, card games number, reason for access, and signature or electronic signature of personnel signing out/in the card games drop box contents key. Two employees are required to accompany the card games drop box contents key from the time of issuance until the time of return.

Note: "Electronic signature" includes a unique employee PIN or card, or employee biometric identification, validated, and recorded through a computerized key security system.

31. Records are maintained for each duplicate key, as addressed in ICPs #25 - #33, which indicate the number of keys made and destroyed.

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32. Computerized key security systems, which restrict access to the card games drop and count keys through the use of passwords, keys, or other means, other than a key custodian, must provide the same degree of control as indicated in ICPs #25 - #33.

Note: ICP #32 does not apply to the system administrator; however, the system administrator cannot have sole access to card games drop and count keys.

33. For computerized key security systems, the following additional card games key control procedures apply:
- Management personnel independent of the card games department assign and control user access to keys in the computerized key security system (i.e., system administrator) to ensure that card games drop and count keys are restricted to authorized personnel;
 - Access to the emergency manual key(s) (a.k.a. override key), used to access the box containing the card games drop and count keys, requires the physical involvement of at least two employees. The date, time, and reason for access must be documented with the signatures of all participating personnel signing out/in the emergency manual key(s); and
 - The custody of the keys issued pursuant to ICP #33(b), requires the presence of two employees from the time of issuance until the time of return.

Access to Playing Cards

34. Playing cards, both issued and unissued, are maintained in a secure location to prevent unauthorized access and reduce the possibility of tampering. Used playing cards that are not to be reused, are properly canceled and removed from service.

Reconciliation of Banks

35. The amount of the main card room bank is counted, recorded, and reconciled at least once every shift.

Note: For card games not operated on a daily basis (e.g., card games tables opened for play only during the weekend), the main card room bank must be counted, recorded, and reconciled prior to opening card games, every shift of card games operation, and immediately after closing card games. During the period the card games are not opened, the main card room bank funds are to be secured from unauthorized access (i.e., key is required to access funds) and maintained in an area requiring surveillance coverage pursuant to Regulation 5.160(6), as applicable to the licensee.

36. For banks that remain on the card tables, at least once every shift the card banks are counted, recorded, and reconciled by a dealer (or other individual if the table is closed) and supervisor (or employee independent of the card games department), and attested to by signing the checkout form. For imprest banks that remain with the dealer, the banks are counted, recorded, and

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reconciled upon issuance and return by the dealer and supervisor (or an employee independent of the card games department), and attested to by signing the checkout form.

Shill Procedures

37. Issuance of shill funds are recorded on a shill sign-out form and have the written approval of a supervisor.
38. Returned shill funds are recorded on a shill sign-out form and verified by a supervisor who signs the form.
39. The replenishment of shill funds is documented.

Promotional Progressive Pots and Pools, Drawings, and Giveaway Programs

Note 1: Promotional progressive pots and pools are defined as pots and pools that are contributed to by poker patrons and distributed back to poker patrons based upon the occurrence of a predetermined event.

Note 2: A promotional progressive pot or pool is, pursuant to Regulation 5.110, a “progressive payoff schedule” and must not be eliminated unless in accordance with Regulation 5.110.

40. The dollar amount of funds contributed by players into the pots and pools is returned when won in accordance with the posted rules with no commission or administrative fee withheld.

Note 1: The payout may be in the form of personal property (e.g., car).

Note 2: A combination of a promotion and progressive pool may be offered.

41. The conditions for participating in promotional progressive pots, pools, and any other promotion, including drawings and giveaway programs, are prominently displayed or available for patron review at the licensed location.
42. Payouts for promotional progressive pots, including those as a result of drawings or 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 and time;
 - 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);

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d. Signature(s) of the following number of personnel 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 less than \$500 that are not deducted from gross gaming revenue.

e. Patron's name (for drawings only).

43. If the promotional cash (or cash equivalent) payout, including those as a result of drawings and giveaway programs, is less than \$500, documentation is created to support bank accountability from which the payout was made.

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

44. Rules governing promotional pools are conspicuously posted within the card room area and/or available in writing for patron review and designate:

- a. The amount of funds to be contributed from each pot;
- b. What type of hand it takes to win the pool (e.g., what constitutes a "bad beat");
- c. The percentages used to calculate the payout amounts;
- d. How and when the contributed funds are added to the pool; and
- e. Amount or percentage of funds allocated to primary and secondary (reset) pools, if applicable.

45. Promotional pool contributions are not placed in or near the rake circle, in the drop box, or commingled with gaming revenue from card games or any other gambling games.

46. Promotional pool funds removed from the card games are placed in a locked container in plain view of the public (e.g., a separate locked container affixed to a card games table solely for promotional pool funds).

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47. Persons authorized to transport the locked container are precluded from having access to the contents keys.
48. The locked container contents key is maintained by a department independent of the card games department.
49. At least once a day, the locked container is removed by two employees, one of whom is independent of the card games department, and transported directly to the count room, casino cage, or other secure room to be counted.
50. If the funds are maintained in the cage, the contents are counted, recorded, and verified prior to accepting the funds into cage accountability.
51. The dollar amount of promotional progressive pots, pools, and any other promotion must be conspicuously displayed in the card room. At least once a day, the progressive sign or meter, if applicable, is updated to reflect the current pool amount.
52. At least once a day, increases to the progressive sign or meter are reconciled to the cash previously counted or received by the cage.

Contests/Tournaments

53. All contest/tournament entry fees and payouts, including mail transactions, are summarized on an accountability document on a daily basis.
54. 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/payout;
 - c. Dollar amount of entry fee/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.
55. Daily, ICPs #45 - 50 are followed for contest/tournament prize pools that have the amount of the pool determined through patron contributions from card games pots.
56. Contest/tournament entry fees and payouts are summarized and posted to the accounting/audit records on at least a monthly basis.

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57. 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:
- All conditions patrons must meet to qualify for entry into, and advancement through, the contest/tournament;
 - Specific information pertaining to any single contest/tournament, including the dollar amount of money placed into the prize pool;
 - The distribution of funds based on specific outcomes; and
 - 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.
58. 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. Two employees, one of whom is independent of the collection of entry fees, reconcile the total amount of chips issued for the contest/tournament. The reconciliation is documented and signed by the employees.
- Note: For free tournaments (i.e., patron does not pay an entry fee), the information required by this ICP must be recorded except for the number of entries, dollar amount of entry fees, and total prize pool.
59. For contest/tournament prize pools where the amount of the pool is determined through patron contributions from card games pots, the daily contributions and the total contributions are included in the results documentation required by ICP #58.
60. The aforementioned contest/tournament records are maintained for each event.

Computerized Player Tracking Systems

Note 1: Compliance with the following ICPs #61 - #66 is required only for computerized player tracking systems that accumulate points subsequently redeemed by the patron for cash, merchandise, etc. ICPs #61 - #66 do not apply to player rating only systems (i.e., the evaluation of a patron's play and the choice and/or dollar amount of complimentaries provided to a patron are solely the result of an employee's judgment).

Note 2: As used in ICPs #61 - #66, 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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61. The addition and deletion of points to player tracking accounts, other than through an automated process related to actual game play, must be sufficiently documented (including substantiation of reasons for increases) and authorized/performed by supervisory personnel of the player tracking, promotions, or card games 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 #61 does not apply to the deletion of points related to inactive or closed accounts through an automated process.

62. 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.
63. Patron identification is required when redeeming points without a player tracking card.
64. Changes to the player tracking system parameters, such as point structures and employee access, must be performed by supervisory personnel independent of the card games department. Alternatively, changes to player tracking system parameters may be performed by card games supervisory personnel, if sufficient documentation is generated and the propriety of the changes are randomly verified by supervisory personnel independent of the card games department, on a quarterly basis.
65. All other changes to the player tracking system must be appropriately documented.
66. Rules and policies for player tracking accounts, including awarding, redeeming, and expiration of points, are prominently displayed or available for patron review at the licensed location.

Accounting/Audit Procedures

67. Card games accounting/audit procedures are performed by personnel independent of the card games department.
68. On a daily basis, accounting/audit personnel reconcile the amount indicated on the progressive sign/meter to the cash counted or received by the cage and the payouts made for each promotional progressive pot and pool. This reconciliation must be sufficiently documented (including substantiation of differences, adjustments, etc.).
69. The following procedures are performed by accounting/audit personnel using the card games count sheet prepared by the count team members for each day:
- a. Recalculate card games proceeds (all funds received by the licensee as compensation for conducting the game) in total and by shift;

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Note: For computerized card games count sheets that total the count proceeds from each box, accounting/audit personnel recalculate rake in total and by shift for one day each month, rather than daily.

- b. Verify that the correct total card games proceeds on the card games count sheet is recorded in the accounting/audit records used to prepare the Nevada Gaming Commission ("NGC") tax returns; and
 - c. Examine for propriety of signatures.
70. A monthly card games recap report is prepared, which includes the daily and month-to-date card games gross revenue (Regulation 6.110) information used to prepare the NGC tax returns.
71. Monthly, accounting/audit personnel reconcile gross revenue from the monthly card games recap report and the general ledger to the monthly NGC tax returns. The reconciliation is documented and maintained. All variances are investigated, supported by documentation, reviewed, and maintained. Any variances noted are resolved prior to submission of the tax returns.
72. Monthly, accounting/audit personnel review all contests, tournaments, drawings, promotional progressive pots, pools, or other promotions to determine proper accounting treatment and proper win/loss computation.
73. Monthly, accounting/audit personnel perform procedures to ensure promotional progressive pots, pools, or other promotions are conducted in accordance with conditions provided to the patrons. The procedures must include a review of documents along with employee interviews and/or observations.
74. Accounting/audit personnel reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document.
75. 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, flyers, etc.);
 - b. Effective Dates; and
 - c. Accounting treatment, including general ledger accounts, if applicable.
76. 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.

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77. For computerized player tracking systems, accounting/audit personnel perform the following procedures at least one day per quarter:
- a. Review all point addition and deletion authorization documentation, other than for point additions and 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.
78. At least annually, the computerized card games 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 must 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.
79. For computerized key security systems controlling access to card games drop and count keys, accounting/audit personnel, independent of the system administrator, perform the following procedures:
- a. Monthly, review the report generated by the computerized key security system indicating the transactions performed by the individual(s) who adds, deletes, and changes user's access within the system (i.e., system administrator). Determine whether the transactions completed by the system administrator provide adequate control over the access to the card games drop and count keys. Also, determine whether any card games drop and count key(s), removed or returned to the key cabinet by the system administrator, was properly authorized;
 - b. For at least one day each month, review the report generated by the computerized key security system indicating all transactions performed to determine whether any unusual card games drop and count key removals or key returns occurred;
 - c. At least quarterly, review the list of users who are assigned access to the card games drop and count keys to determine that each user's access to the assigned keys is adequate relative to the user's job position; and
 - d. All noted improper transactions or unusual occurrences are investigated with the results documented.
80. Annually, an inventory of all count room, card games drop box release, storage rack, and contents keys is performed and reconciled to records of keys made, issued, and destroyed. Investigations are performed for all keys unaccounted for, with the investigation being documented.

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81. Documentation (e.g., log, checklist, notation on reports, tapes attached to original documents, etc.) is maintained evidencing the performance of all card games accounting/audit procedures, the exceptions noted and follow-up of all card games audit exceptions. All changes made to card games documents by accounting/audit personnel are distinguishable (e.g., made in red ink) from those made during the preparation of the document.