

NEVADA GAMING CONTROL BOARD INTERNAL CONTROL PROCEDURES

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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 would 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 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.

Game Play Procedures

1. The customer ticket includes the casino name, city, state, date, game number(s), conditioning (including multi-race if applicable), ticket sequence number, and the station number or writer identification number.
2. Concurrently with the generation of the ticket, the information on the ticket is recorded on a restricted transaction log or computer storage media.
3. Keno personnel are precluded from having unrestricted access to the restricted transaction log or computer storage media.
4. When it is necessary to void a ticket:
 - a. For system voids, the information is input in the system and the system documents, at a minimum, the ticket number, date and time of the void and the name or other identifier of the employee completing the void (e.g., void slip is issued or equivalent documentation is generated).

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- b. For not-in-computer voids, the void designation, date, and time is written or stamped on the original ticket. Two employees, a supervisor, and the writer of the ticket, must sign the ticket at the time of voiding.
5. Controls exist to prevent the writing and voiding of tickets after a game has been closed and after the number selection process for that game has begun.
6. The controls in effect for tickets prepared in outstations, if applicable, are identical to those in effect for the primary keno game.

Number Selection - Rabbit Ear System

7. A dedicated camera is utilized to record the following prior to, and subsequent to, the calling of a game: empty rabbit ears, date and time, game number, and full rabbit ears.
8. The recording of the rabbit ears provides a legible identification of the numbers on the balls drawn.
9. Selected numbers are immediately input into the keno computer system. The system documents the date, game number, the time the game was closed, and the numbers drawn.
10. Procedures are in effect which prevent access to keno balls in play by one individual.
11. Back-up keno ball inventories are secured in a manner to prevent access by one individual.
12. Keno balls are inspected prior to being placed into play each day to ensure that all numbers are accounted for and that each ball has an equal chance of being selected during the calling of the game. 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.

Number Selection - Random Number Generator

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

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

Winning Ticket Verification and Payment

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14. The ticket number of the ticket presented for payment is input or scanned into the system for payment through the keno computer system, and the payment amount indicated by the system is paid to the patron.
15. Procedures are established to preclude payment on tickets previously presented for payment, unclaimed winning tickets (late pays) after a period of time specified by management, voided tickets, and tickets that have not yet been issued.
16. All payouts are supported by the customer (computer-generated) copy of the winning ticket, and the payout amount is either indicated on the customer ticket or a payment slip is issued.
17. A manual report is produced and maintained documenting any payments made on tickets which are not authorized by the system.
18. For payments made on tickets that are not paid through the keno computer system, supervisory personnel must authorize the payment and sign the ticket at the time of payment.

Note: Appeasement payments (e.g., non-winning ticket payouts resulting from a customer complaint or writer error) are not deductible from gross gaming revenue.

19. Winning tickets over a specified dollar amount, not to exceed \$3,000, also require the following:
 - a. Approval of management personnel independent of the keno department evidenced by their signature;
 - b. Reviewing the recording of the rabbit ears to verify the legitimacy of the draw and the accuracy of the ball draw results (for rabbit ear systems only);
 - c. Comparison of the winning customer copy to the keno system reports;
 - d. Regrading of the customer copy using the payout schedule and ball draw results; and
 - e. Performance of ICP #19(a) - #19(d) is documented and maintained.
20. When the keno game is operated by one person, all winning tickets in excess of an amount to be determined by management (not to exceed \$1,500) must be reviewed, authorized, and signed by a keno supervisor, who did not write the ticket, or by someone independent of the keno department, prior to payment.

Check Out Procedures

21. The keno computer system must indicate the amount of net cash that is in each writer/cashier station. A supervisor is required to access this information.

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22. For each writer/cashier station, a cash summary report (count sheet) is completed at the conclusion of each shift which includes:
 - 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 keno computer system indicates that is in each station; and
 - b. Signatures of two employees who have verified the cash proceeds recorded in ICP #22(a) computation.

Note 1: ICP #22 is also performed whenever there is a change of 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 keno computer system indicates that is in each writer/cashier station.

Note 2: Alternatively, ICPs #21 - #22 are performed for each writer/cashier rather than each writer/cashier station, if the cash remains with the writer/cashier.

Promotional Payouts, Drawings, and Giveaway Programs

23. The conditions for participating in promotional payouts, including drawings and giveaway programs, are prominently displayed or available for patron review at the licensed location.
24. Promotional payouts, including 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 to include 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);
 - 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

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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 all 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).
25. 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 may consist of a line item on a cage or keno accountability document (e.g., forty-three \$10 keno cash giveaway coupons = \$430).

Statistics

26. Records are maintained, which include win and write by individual writer for each day.
27. The daily keno recap information is used to prepare a keno revenue summary. The keno revenue summary is maintained and includes for each keno game operated and the total for all keno games operated, write, payouts, win, and win-to-write hold percentage for:
 - a. Each day;
 - b. Month-to-date; and
 - c. Year-to-date.
28. The month-end keno revenue summary statistical information (prepared prior to the submission of the NGC tax returns for the month in which the activity occurred) is presented to and reviewed by management independent of the keno department 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 keno revenue summary.
29. The results of such investigations are documented and maintained.

System Security Standards

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30. All keys, including duplicates, to sensitive computer hardware in the keno area are maintained by a department or personnel independent of the keno function.
31. An employee independent of the keno department is required to accompany such keys to the keno area and observe changes or repairs each time the sensitive areas are accessed.

Documentation

32. Adequate documentation of all pertinent keno information is generated by the keno computer system, which is restricted to authorized personnel. The documentation is to include, at a minimum:
 - a. Ticket information including: date, game number, ticket sequence number, station number or writer identification number, and conditioning, including multi-race, if applicable;
 - b. Payout information (e.g., date, time, ticket number, amount, etc.);
 - c. Game information (e.g., number, ball draw results, time game was closed, etc.);
 - d. Daily recap information by shift (unless a single shift is utilized for a day) and by day which includes:
 - 1) Write;
 - 2) Payouts; and
 - 3) Gross revenue.
 - e. System exception reports, including:
 - 1) Voids;
 - 2) Late pays; and
 - 3) Configurable parameter alterations (e.g., changes in paytables, changes in ball draw results, payouts over a predetermined amount, etc.).

Contests/Tournaments

33. All contest/tournament entry fees and prize payouts, including mail transactions, are summarized on an accountability document on a daily basis.
34. When contest/tournament entry fees and payouts are transacted, they are recorded on a document which contains:

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- 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.
35. The contest/tournament entry fees and payouts are summarized and posted to the accounting records on at least a monthly basis.
36. 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(s), or person(s), registered pursuant to NRS 463.169 that conducted the contest/tournament on behalf of, or in conjunction with, the licensee, if applicable.
37. 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.
- Note: For free tournaments (i.e., patron does not pay an entry fee), the information required by ICP #37 must be recorded, except for the total number of entries, dollar amount of entry fees, and total prize pool.
38. The aforementioned contest/tournament records are maintained for each event.

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Computerized Player Tracking Systems

Note 1: Compliance with ICPs #39 - #44 is required for all computerized keno player tracking systems.

Note 2: As used ICPs #39 - #44, 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.

39. 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 keno departments. 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 #39 does not apply to the deletion of points related to inactive or closed accounts through an automated process.

40. 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.
41. Patron identification is required when redeeming points without a player tracking card.
42. Changes to the player tracking system parameters, such as point structures and employee access, must be performed by supervisory personnel independent of the keno department. Alternatively, changes to player tracking system parameters may be performed by keno supervisory personnel, if sufficient documentation is generated and the propriety of the changes are randomly verified by supervisory personnel independent of the keno department, on a quarterly basis.
43. All other changes to the player tracking system must be appropriately documented.
44. 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

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Note 1: All accounting/audit procedures outlined in this section must be performed for each licensed keno game.

Note 2: All accounting/audit procedures must be performed utilizing the restricted keno computer system generated documentation.

45. Keno accounting/audit procedures are performed by personnel independent of the keno operations.
46. At least annually, keno accounting/audit personnel will foot the write on the restricted keno transaction report for a minimum of one shift and compare the total to the total as documented by the keno computer system.
47. For at least one shift every other month, keno accounting/audit personnel perform the following:
 - a. Foot the customer copy of the payouts and trace the total to the payout report; and
 - b. Regrade at least 1% of the winning tickets using the payout schedule and ball draw results.
48. Keno accounting/audit personnel also perform the following:
 - a. For a minimum of five games per week, compare the recording of the rabbit ears to the keno transaction report. For rabbit ear systems that are directly interfaced to the computerized keno system, compare the recording of the rabbit ears to the keno transaction report for a minimum of ten games per month. When manual ball draw results changes are made to the direct interface, all changes are audited and compared to the rabbit ears recording;
 - b. Daily, compare net cash proceeds to the audited win/loss by shift and investigate any large cash overages or shortages in excess of \$25;
 - c. Daily, review and regrade all winning tickets greater than or equal to \$1,500, including all forms which document that proper authorizations and verifications were obtained and performed. Trace customer copies to the keno computer system payout report;
 - d. Daily, review the documentation for payout adjustments made outside the keno computer system and investigate large and frequent payments;
 - e. Computer system exception reports are reviewed on a daily basis for propriety of transactions and unusual occurrences. The review must include, but is not limited to, void authorizations, late pays, and parameter alterations. All noted improper transactions or unusual occurrences are investigated with the results documented;

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

- f. If a random number generator is used, at least weekly, the numerical frequency distribution is reviewed for potential patterns, including missing numbers, during the previous four-week period;
- g. If a rabbit ear system is used and the keno computer system (or auditing software) generates a drawn number frequency report, at least weekly, the numerical frequency distribution is reviewed for potential patterns, including missing numbers, during the previous four-week period; and
- h. All noted improper transactions or unusual occurrences are investigated with the results documented.

49. In addition to the aforementioned keno audit procedures, for each day when the keno game is operated by one person, accounting/audit personnel perform the following:

- a. Customer copies of all winning tickets in excess of \$500 and at least two other winning tickets, less than or equal to \$500, are regraded and traced to the keno computer payout report;
- b. The recording of rabbit ears is randomly compared to the keno transaction report for at least 10% of the games during the shift; and

Note: This step does not apply to rabbit ear systems that are directly interfaced to the keno computer system, unless a ball draw results change is made manually. All manual changes associated with directly interfaced systems are audited and compared to the rabbit ear recording.

- c. Keno accounting/audit personnel review winning tickets for proper authorization pursuant to ICP #20.

50. In the event any employee performs the writer and deskman functions on the same shift or day, the procedures described in ICP #49 (using the sample sizes indicated) are performed on tickets written by that employee.

51. Monthly, accounting/audit personnel review all contests, tournaments, promotional payouts, drawings, and giveaway programs to determine proper accounting treatment and proper keno gross revenue win/loss computation.

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52. For all contests, tournaments, promotional payouts (including payouts from computerized keno 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;
 - c. Accounting treatment, including general ledger accounts, if applicable; and
 - d. 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 ICPs compliance responsibilities, which 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.
53. 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.
54. Accounting/audit personnel reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document.
55. When payment is made to the winners of a contest/tournament, accounting/audit personnel will 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.
56. Monthly, accounting/audit personnel reconcile gross revenue from the keno revenue summary and the general ledger to the monthly 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.
57. Annually, an inventory of all sensitive keno keys is performed and reconciled to records of keys made, issued, and destroyed. Investigations are performed for all keys unaccounted for, with the results being documented.

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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 keno game (e.g., rabbit ears, back-up keno ball inventories).

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

Miscellaneous

61. All documents, including computer storage media, discussed in these ICPs must be retained for 5 years except for the following, which must be retained for at least 7 days:
 - a. Recording of rabbit ears;
 - b. Computer system generated documentation of ticket information, payout information, and game information when the information is not related to winning keno wagers of \$1,500 or more; and
 - c. Winning keno tickets that were presented by patrons for payment of less than \$1,500.

Multi-Race

62. Procedures are established to notify keno personnel immediately of large multi-race winners of a single game to ensure compliance with ICP #19.

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63. Controls exist to ensure that keno personnel are aware of multi-race tickets still in process at the end of a shift.
64. All games encompassed by a multi-race keno ticket must be completed within 14 days of the wager being placed.

Payout Procedures for Mail-In Winning Keno Tickets

65. Accounting/audit personnel or personnel independent of the keno department receive the original winning keno ticket.
66. Accounting/audit personnel or personnel independent of the keno department record the winning keno ticket on a log as a mail pay. The log includes the date received, patron's name, and keno ticket number.
67. The winning keno tickets are entered into the keno computer system, by keno personnel or accounting/audit personnel, for validation and then cancelled.
68. Accounting/audit personnel compare the "paid" winning keno tickets to the mail pay log and the keno computer system report for "paid" winning keno tickets. Any discrepancies are documented and reviewed by keno management and accounting/audit personnel.
69. Accounting/audit personnel, independent of the individual(s) who processed the mail pay winning tickets, reviews the patron's correspondence submitted, winning keno tickets, mail pay log and keno computer system report for "paid" winning keno tickets for any discrepancies. Any discrepancies are documented and resolved prior to remitting payment amount to the patron.