

ILLINOIS GAMING BOARD

MINIMUM INTERNAL CONTROL STANDARDS

FOREWORD

The following Minimum Internal Control Standards (MICS) have been developed by the Illinois Gaming Board (IGB).

The MICS are designed to provide a basic framework for Owner Licensees to establish and maintain an Internal Control System (ICS). It is the Owner Licensee's responsibility to assure that its Internal Control System complies with the Minimum Internal Control Standards. Owner Licensees must establish procedures that meet or exceed the requirements as set forth in the MICS.

Internal auditors, independent certified public accountants (external auditors), Key Persons and employees of Owner Licensees are required to report violations of the ICS to management and the IGB. Violations of the ICS or the MICS may result in disciplinary action.

Initial Approval of ICS by the IGB Administrator

Each Owner Licensee is required to submit an initial ICS to the IGB Administrator for approval.

Owner Licensees must comply with the following procedures relating to ICS changes.

Definitions of Types of Changes to ICS

Each proposed change to the ICS will be classified per category and each category must be submitted under separate cover. The categories are Substantive, Administrative, Deviation, Emergency, New Game, Internal/External Audit Finding/Recommendation and IGB Audit Finding/Recommendation and are defined as follows:

Substantive: a change to the ICS which affects the method of complying with the MICS.

Administrative: a change to the ICS which is editorial, clarifies procedures or changes position descriptions or titles.

Deviation: a change to the ICS that constitutes an exception to or variance from the MICS. A detailed explanation of the necessity to deviate from the MICS and the compensating controls must be included with the submission.

Emergency: a change to the ICS that if not approved and implemented by a given date would negatively impact the internal controls or cause serious interruption to gaming activities. Emergency changes to the ICS should be rare.

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New Game: a change needed for the Owner Licensee to operate an IGB approved game.

Internal/External Audit Finding/Recommendation: a change to the ICS based on an internal/external audit finding or recommendation. A copy of the page(s) relating to the audit finding or recommendation from the applicable final audit report issued by the internal/external auditors must be included with the ICS submission.

IGB Audit Finding/Recommendation: a change to the ICS based on an IGB audit finding or recommendation. A copy of the page(s) relating to the audit finding or recommendation from the IGB final audit report must be included with the ICS submission.

Timing of Submissions

1. No Owner Licensee may change their ICS until approval is received from the IGB Administrator.
2. Emergency and New Game changes may be submitted at any time. Emergency submissions will be reviewed upon receipt and returned to the Owner Licensee if they do not constitute an emergency.
3. All other ICS submissions must be submitted to the IGB Internal Control Unit in Chicago on a quarterly basis, as assigned. If mailed, the submission must be postmarked no later than the seventh day of the assigned month (the submission period).
4. Any changes which are submitted as a result of an audit finding or recommendation must be submitted during the Owner Licensee's next scheduled submission period following the issuance of the auditor's final report, with a notation of the audit report date on the ICS Revision Form.

Submission Procedures

1. Each ICS submission must be accompanied by a completed ICS Revision Form and distributed as follows:
 - a. Internal Control Unit: One redlined copy of the submission unless otherwise requested by the Internal Control Unit. A clean copy must be submitted upon request of the Internal Control Unit; and
 - b. IGB Docksite Supervisor: One redlined copy of the submission.
2. The revision date on each submitted redlined page must be redlined and replaced with an updated revision date to coincide with the date of the request on the ICS Revision Form.
3. All added text must be underlined. All deleted text must be lined out.

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4. Changes made to any form included in the ICS must be redlined and explained. It is not necessary to redline the form if it is completely revised, however, a clean copy of the form with an explanation of why the form was revised must be provided.
5. Whenever changes to job titles are requested, a summary of the old position, new position and reason for the change must be provided under separate cover with the submission.
6. If the addition of information on a page causes text to be moved to the next page, that page must also be submitted. The clean pages submitted must be ready for insertion into the Owner Licensee's ICS.
7. Owner Licensees must maintain a log of all ICS changes. At a minimum, the log must include the page number(s), revision date, effective date and ICS Change Number.
8. A MICS cross-reference to any change made to the ICS must be included with each submission. The ICS page number and paragraph number must be referenced next to each MICS standard.
9. When moving text, the location of the old text must be lined out and its new location must be noted. Any revision to the moved text must be redlined in the new location.

IGB Approval Procedures

1. Owner Licensees must designate to the Internal Control Unit Manager the individual responsible for ICS submissions, including the coordination of "verbal comment" meetings and re-submissions, if any.
2. Each ICS submission will be reviewed by the Internal Control Unit to determine that it is complete and that extensive comments are not necessary.
3. If the submission is determined to be incomplete or requires extensive comment, the Owner Licensee may revise the submission and resubmit it during the next quarterly submission period.
4. If the submission is complete and does not require extensive comment the Internal Control Unit will review the submission and determine compliance with the IGB Adopted Rules, Illinois Riverboat Gambling Act, the MICS and consistency with the ICS of the Owner Licensee.
5. The Internal Control Unit will respond to the submission with written and/or verbal comments. All correspondence must include a reference to the ICS Change Number.
6. Unless otherwise instructed by the IGB, an updated revision form must accompany all resubmissions, along with a complete set of redlined pages with an updated revision date on each page and an explanation of each change made in response to IGB comments.

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7. Resubmissions must not include unrelated additional changes unless requested by the IGB.
8. When a change is approved, the Owner Licensee will receive an approval letter from the IGB Administrator. The effective date will be stated in the approval letter and stamped on each approved page. No change will be implemented prior to the effective date as set forth in the approval letter from the IGB Administrator.
9. If the effective date on an approval letter is "no sooner than the beginning of the gaming day", the Owner Licensee must notify the IGB in writing of the implementation date.
10. No ICS submission may be withdrawn without written approval of the IGB Deputy Administrator, Audit & Financial Analysis.