

<b>Gaming Policy and Enforcement Branch</b> <b>Charitable Gaming Audit and Compliance</b> <b>REPORT OF COMPLIANCE AUDIT FINDINGS</b> <b>REGISTERED RAFFLE</b>			<b>Date:</b>	April 20, 2010
			<b>Prepared By:</b>	Auditor
			<b>Reviewed By:</b>	Reviewer
<b>Licensee : BC Football Conference</b>			<b>Licence #: 16206</b>	
<b>Org #: 101650</b>	<b>Char #: 4897</b>	<b>Licence Period: Jun. 23/09 – Nov. 22/09</b>		
<b>Type of Review:</b> Compliance Audit				
<b>Type of Gaming Access:</b> Licensed Gaming – Class A, Registered Raffle.				
<b>Sector:</b> Arts, Culture and Sports				
<b>Gaming Activity:</b>				
<b>Gross Revenue</b>				
Total sales				
GST recovery				
Interest income				
<b>Total Gross Revenue</b>				
<b>Prize Costs</b>				
Cash prizes				
Cost of merchandise prizes				
<b>Total Cost of Prizes</b>				
Donated prizes				
<b>Event-Related Expenses</b>				
Advertising costs				
Wages				
Facility rental related to the gaming event				
Contract fees for gaming services providers				
Printing costs				
Postage and mailing costs				
Miscellaneous supplies for the gaming event				
Bank charges				
Other (Honoraria/Commission)				
Cash (over)/short				
<b>Total Event-Related Expenses</b>				
Expenses as a percentage of gross revenue			13.26%	
<b>Net Gaming Proceeds</b>			\$ 115,620.60	

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### **Audit Findings**

During the period reviewed, our audit work relative to the conduct and management of the Registered Ticket Raffle did not identify any instances of non-compliance.

### **Recommendations for Compliance Enhancement**

Based on our findings, we do not have any recommendations.

<b>Gaming Policy and Enforcement Branch</b> <b>Charitable Gaming Audit and Compliance</b> <b>REPORT OF COMPLIANCE AUDIT FINDINGS</b> <b>GAMING EVENT REVIEW</b>		<b>Date:</b>	Nov. 23/09
		<b>Prepared By:</b>	Auditor
		<b>Reviewed By:</b>	Reviewer
<b>Licensee: BC Lions Football Club Inc. - CFG</b>			
<b>Org #: 117946</b>	<b>Char #: 5650</b>	<b>Draw Review Date: Oct. 31/10</b>	
<b>Type of Review: Event Review</b>		<b>Licence #: 25184</b>	
<b>Type of Gaming Access: Licensed Gaming – Class A, Percentage Draw (Registered Raffle)</b>			
Sector: Community Fundraising Group for Sports Sector			

Gross Sales	\$	28,449.00
Total Cost of Prizes	\$	14,224.50
Donated Prizes	\$	-
Total Net of Prizes	\$	14,224.50

### **Audit Findings**

1. The standard text box was not displayed on the organization's webpage which advertised the ticket raffle. Section 5.2 of the *Standard Procedures for Ticket Raffles* specifies certain information which must be displayed in a specific standardized format. Section 5.4 of the *Standard Procedures for Ticket Raffles* provides samples of acceptable standard text boxes which may be used by the licensee.
2. The list of winners was signed by one volunteer and two staff members. The staff members did not observe the counterfoil when it was drawn. The list of winners must be signed by two individuals that witnessed the draw. Section 12 of the *Standard Procedures for Ticket Raffles* states, in part, that, "Winning counterfoils or tokens must be exhibited to the witnesses" Section 12.3 of the *Standard Procedures for Ticket Raffles* states in part, that, "...a list of winners must be completed, signed and witnessed by at least two volunteers..."

### **Recommendations for Compliance Enhancement**

Ensure that for future licensed events the advertising meets all the requirements under Section 5 of the *Standard Procedures for Ticket Raffles*.

1. Ensure that the standard text box is displayed as required in all raffle advertising and in compliance with section 5.2 and 5.4 of the *Standard Procedures for Ticket Raffles*.
2. Ensure that the list of winners is signed by two individuals that witnessed the draw.

**Organization's Comments**

The licensee responded with an email dated on November 22, 2010 on which they indicated that the audit recommendations will be implemented for next licensed event to take place next year. A copy of the letter is attached.

<b>Gaming Policy and Enforcement Branch</b> <b>Charitable Gaming Audit and Compliance</b> <b>REPORT OF COMPLIANCE AUDIT FINDINGS</b> <b>REGISTERED RAFFLE</b>			<b>Date:</b>	Feb. 28/11
			<b>Prepared By:</b>	Auditor
			<b>Reviewed By:</b>	Manager
<b>Licensee : BC Lions Football Club</b>			<b>Licence #:</b>	25184
<b>Org #: 117946</b>	<b>Char #: 5788</b>	<b>Licence Period: Jun. 20/10 to Oct. 31/10</b>		
<b>Type of Review:</b> Compliance Audit (Reduced Scope)				
<b>Type of Gaming Access:</b> Licensed Gaming – Registered Raffle				
<b>Sector:</b> Community Fundraising Group for Sports Sector				
<b>Gaming Activity:</b>				
<b>Gross Revenue</b>				
Total sales				
GST recovery				
Interest income				
<b>Total Gross Revenue</b>				
<b>Prize Costs</b>				
Cash prizes				
Cost of merchandise prizes				
<b>Total Cost of Prizes</b>				
Donated prizes				
<b>Event-Related Expenses</b>				
Advertising costs			s.21	
Wages				
Facility rental related to the gaming event				
Contract fees for gaming services providers				
Printing costs				
Postage and mailing costs				
Miscellaneous supplies for the gaming event				
Bank charges				
Other				
Cash (over)/short				
<b>Total Event-Related Expenses</b>				
Expenses as a percentage of gross revenue			15.07%	
<b>Net Gaming Proceeds</b>			\$	84,244.12

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## **Audit Findings**

1. The Gaming Event Revenue Report was submitted late. Section 13 of the *Standard Procedures for Ticket Raffles* states, in part, “Your organization is responsible for ensuring that all requirements outlined in the conditions for its gaming event licence are met. This includes keeping complete and accurate records of the raffle and submitting, if required, a Gaming Event Revenue Report within 60 days after the expiry of the licence.”
2. The organization advertised the registered raffle in the organization’s website and in the Lions Game Day Magazine. The issues related to advertising in the organization’s website were addressed in our Audit Report Char # 5650. The following issues of non-compliance were noted in the Lions Game Day Magazine advertising page:
  - a. The organization did not include the required standard text box. Section 5 of the *Standard Procedures for Ticket Raffles* states, in part, that “...certain information must be displayed in a specific, standardized format, hereafter called the “standard text box.”
  - b. The organization used an image of minors in its advertising of the licensed event. Section 6 of the *Standard Procedures for Ticket Raffles* states that licensees may use images of minors in certain specific situations, and that, “...in such instances where a licensee uses images of minors, the materials:
    - ✓ Must adhere to the Advertising and Marketing standards issued by the Province;
    - ✓ Must be approved in writing in advance by the Gaming Policy and Enforcement Branch;
    - ✓ Must not appear at any point of sale; and
    - ✓ Must not include any reference to marketing, sale or purchase of any lottery or gaming products.”

## **Recommendations for Compliance Enhancement**

1. Ensure that a Gaming Event Revenue Report is submitted within 60 days after the expiry of each gaming event licence.
2. Ensure that the mandatory statements required inside the standard text box appear in accordance with section 5.2 of the *Standard Procedures for Ticket Raffles*, and that when the image of minors is intended to be used for advertising purposes, all requirements stated in section 6 of the *Standard Procedures for Ticket Raffles* are met, including the writing authorization in advance by the Gaming Policy and Enforcement Branch.

### **Organization's Comments**

The organization responded with an email dated February 28, 2011. In the email the organization agreed with the findings and stated that the recommendations will be implemented for next licence. See attached response of the organization.

<b>Gaming Policy and Enforcement Branch</b> <b>Charitable Gaming Audit and Compliance</b> <b>REPORT OF COMPLIANCE AUDIT FINDINGS</b> <b>GAMING EVENT REVIEW</b>		<b>Date:</b>	December 21, 2011		
		<b>Prepared By:</b>	Auditor		
		<b>Reviewed By:</b>	Reviewer		
<b>Licensee:</b> B.C. Lions Football Club Inc. CFG					
<b>Org #:</b> 117946	<b>Char #:</b> 6660	<b>Date of Review:</b> November 5, 2011			
<b>Type of Review:</b> Event Inspection		<b>License #:</b> 34186			
<b>Type of Gaming Access:</b> Class A Gaming Event Licence					
<b>Sector:</b> Human and Social Services					

Gross Sales	\$	55,387.00
Total Cost of Prizes	\$	27,693.50
Donated Prizes	\$	-
Total Net of Prizes	\$	27,693.50

### **Audit Findings**

For the date reviewed, we identified the following instances of non-compliance:

1. The tickets inside the draw container were mixed manually, both on and off screen prior to the draw, despite the draw container having a handle for this purpose. The licensee's representative stated if the barrel is turned by means of the handle, tickets cling to the sides and occasionally fall out of the barrel.

Section 2.2 of the *Standard Procedures for Ticket Raffles* states, in part, "The volunteer Board members of your organization are responsible for the proper conduct and management of gaming events for which they are licensed," which includes ensuring that the equipment used at the gaming event is in good working order.

2. Individual sellers reconcile sold and unsold tickets and count cash without direct supervision, although their reconciliation sheets are subsequently verified and summarized by one of three or four verifiers. However, the auditor is concerned that, without supervision, the opportunity exists for a seller to skim any cash overage prior to submitting his records for verification and therefore, some sellers may be motivated to short-change or otherwise defraud purchasers at the time of ticket purchase.

Section 14 of the *Conditions for a Class A and Class B Gaming Event Licence* states, "Gross gaming revenue includes all monies generated through the gaming event for which the organization is licensed." Section 29(a) states, "... all licensees that could potentially generate



more than \$20,000 in gross gaming revenue annually, or that have an established gaming account, must maintain a separate gaming account ... for the exclusive purpose of receiving, holding and disbursing gaming funds.”

3. The licensee’s internal control forms do not agree with respect to gross sales and the prize amount. On the summary reconciliation of cash and tickets sold, the gross ticket sales amounted to \$55,379 (50% should be \$27,689.50) and total cash collected was \$55,401 (50% should be \$27,700.50). The prize actually paid out to the winner of the 50/50 draw was \$27,693.50 (100% = \$55,387).

Section 2.2 of the *Standard Procedures for Ticket Raffles* states, in part, “At a minimum, the volunteer Board of the licensee must perform the following duties: .... • Be accountable for the proper conduct and management of all draws for all prizes.”

### **Recommendations for Compliance Enhancement**

Based on our findings, we recommend that the organization implement the following corrective actions:

1. Ensure that the draw container to be used at the gaming event is free of material defects. Equipment that is defective must be repaired or replaced prior to the draw being conducted.
2. Ensure that cash counting is monitored by a responsible party and is conducted prior to and separately from reconciliation of sold and unsold tickets. This internal control is to ensure that all received cash is counted and that cash balancing is not performed using ticket sales as a guideline.
3. Prior to announcing the prize amount and issuing the cheque to the winner of the draw, ensure that the amount has been verified and agrees to internal control forms.

### **Organization Comments**

The licensee responded with an email dated November 30, 2011 in which they committed to addressing all issues raised during the course of the audit. A copy of the email is attached.