

<b>Gaming Policy and Enforcement Branch</b> <b>Compliance Division – Charitable Gaming Audit</b> <b>REPORT OF COMPLIANCE AUDIT FINDINGS</b>				<b>Date:</b>	Nov 21, 2016
				<b>Prepared by:</b>	<b>Auditor</b>
				<b>Reviewed by:</b>	<b>Reviewer</b>
<b>Org #:</b>	103556	<b>Char #:</b>	8701	<b>Period Reviewed:</b>	Jan 1, 2014 – Apr 30, 2016
<b>Organization:</b>	Royal Canadian Legion #114 – Lynn Valley				
<b>Review Category:</b>	Use of Proceeds				
<b>Sector:</b>	Human & Social Services				
<b>Gaming Access:</b>	Community Gaming Grant & Licensed Gaming				

<b>Gaming Activity</b>	<b>Jan 1 - Dec 31, 2014</b>		<b>Jan 1 - Dec 31, 2015</b>		<b>Jan 1 - Apr 30, 2016</b>	
	<b>GASR</b>	<b>Audited</b>	<b>GASR</b>	<b>Audited</b>		<b>Audited</b>
Opening Balance	\$ 40.13	\$ 40.13	\$ (266.01)	\$ (266.01)		\$ 1,868.58
Revenue:						
Community Gaming Grant	32,500.00	32,500.00	32,500.00	32,500.00		
Major Capital Grant						
Licensed Gaming	22,880.00	22,880.00	25,606.20	25,606.20		2,115.00
Interest/GST Rebate/Other						
Gaming Donations	3,500.00	3,500.00				
Total Revenue:	\$ 58,880.00	\$ 58,880.00	\$ 58,106.20	\$ 58,106.20	\$ -	\$ 2,115.00
Disbursements:						
Prize Costs	10,306.00	10,306.00	11,913.00	11,913.00		
Event Related Expenses						
Charitable Disbursements	48,880.14	48,880.14	44,058.61	44,058.61		530.60
Total Disbursements:	\$ 59,186.14	\$ 59,186.14	\$ 55,971.61	\$ 55,971.61	\$ -	\$ 530.60
Closing Balance	\$ (266.01)	\$ (266.01)	\$ 1,868.58	\$ 1,868.58	\$ -	\$ 3,452.98
Method of Reporting: Accrual						
Total Receipts Audited:		\$ 119,101.20				
Total Disbursements Audited:		\$ 115,688.35				

## **Audit Findings**

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

1. The organization held unlicensed gaming events (Christmas raffle and Chase The Ace). Section 1 of the Guidelines – *Applying for a Class A or Class B Gaming Event Licence* states, in part, “Gaming events conducted in British Columbia must be licensed by the Gaming Policy and Enforcement Branch (the Branch), which licenses eligible community organizations to conduct and manage gaming events in accordance with Section 207(1) (b) of the *Criminal Code of Canada*. To conduct a gaming event without a licence would be unlawful.”
2. Gaming Event Revenue Reports #71204 and #71205 were not submitted within the 90 day period after the end of the licence. 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 90 days after the expiry of the licence.”
3. The organization did not adequately monitor the use of grant funds by the donation recipient. While the organization provided request of funds documents for most donations, there were no supporting documents provided to show that the organizations had disbursed the donation for eligible purposes. As a result, the auditor was unable to determine if all donations/disbursements were eligible. Section 19 of the *Conditions for a Community Gaming Grant* states, “Service organizations are responsible for monitoring the use of grant funds by the donation recipient and are required to immediately report to the Branch any suspected or known instance where grants funds are not used for eligible purposes consistent with Conditions 1 through 13.”
4. Gaming account records, specifically voided or cancelled cheques were not retained or provided for the purpose of this audit. There were seven cheques tested which were void or cancelled without supporting documents. Section 21(d) of the *Conditions for a Community Gaming Grant* states the grant recipient must, “As part of the gaming records, secure and retain all account and transaction records and receipts for all disbursements, including cancelled cheques, bank statements, bank transaction receipts, invoices and sale receipts for a period of five years from the end of the fiscal year in which the revenue was disbursed.”
5. The Gaming Account Summary Report for the fiscal year ended December 31, 2015, was submitted late. Section 23 of the *Conditions for a Community Gaming Grant* states, “The grant recipient must file a Gaming Account Summary Report with the General Manager, within 90 days after the end of the recipient’s fiscal year.”

### **Recommendations for Compliance Enhancement**

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

1. Ensure all gaming events are licensed through Gaming Policy and Enforcement Branch, Licensing Division. The Christmas raffle was conducted in such a way that the participants “donated” funds and were given tickets for the draw. In order for this type of event to be conducted without a licence, anyone wishing to participate, even without a donation, should be given tickets. The “donation” represents consideration therefore it requires a licence. At this time, any form of “Chase The Ace” is considered illegal in the Province of British Columbia. If the organization is unsure if an event requires a licence, contact the Licencing Division for guidance.
2. Ensure a Gaming Event Revenue Report is submitted within 90 days after the expiry of each gaming event licence.
3. Ensure the organization monitors the use of grant funds by the donation recipient. The donation recipient should provide a thank you letter outlining what the funds were used for or proof such as invoices/receipts.
4. Ensure gaming account records are retained for a period of five years from the end of the fiscal year in which the revenue was disbursed. This includes any banking documents for cheques which have been cancelled and the cheques which have been voided.
5. Ensure the Gaming Account Summary Report is filed with Gaming Policy and Enforcement Branch, Licensing and Grants Division within 90 days after the end of the organization’s fiscal year.

### **Organization’s Comments**

The organization responded with an email dated November 21, 2016, in which they indicated they understood the findings and noted that the issues raised during the audit will not take place in the future. A copy of the email is attached.