Audit Information for Charitable Organizations

This document provides information about what to expect during an audit and will assist you in preparing for the audit.

Effective April 13, 2026, the **Community Gaming Grants Branch (CGG Branch)**, Ministry of Tourism, Arts, Culture and Sport, is responsible for conducting audits of community gaming grant recipients in British Columbia. The CGG Branch conducts audits to ensure that grant funds received are used for only for eligible purposes, in accordance with all applicable legislation, regulations, policies and directives under the authority of the *Gaming Control Act* and Regulation.

The information in this document is provided for your convenience and guidance and is not a replacement for the legislation. The *Gaming Control Act* and Regulation can be found on the web at https://www.canlii.org/en/bc/laws/astat/sbc-2022-c-29/latest/sbc-2022-c-29.html

In this document:

1. Authority

The auditor can examine all aspects of your gaming records and activities and may enter your business premises to inspect relevant records.

Audit and inspection authority for community gaming grant recipients is set out in Part 9, Division 4 of the *Gaming Control Act* (SBC 2022, c. 29), specifically sections 134 to 145. The Grant Manager may conduct audits and inspections to determine whether grant funds have been used for the purposes for which the grant was made and to verify compliance with the Act and its conditions.

Any reports resulting from audits conducted by the CGG Branch may be disclosed publicly, in compliance with the *Freedom of Information and Protection of Privacy Act*.

2. What is an audit?

An audit is a formal examination of an organization's gaming records. Audits ensure gaming grant funding is used in accordance with CGG Branch requirements and that organizations are complying with the

Gaming Control Act and Regulation, public interest standards, and CGG Branch directives, conditions and guidelines.

The process begins when an organization is contacted by the CGG auditor and an appointment is scheduled to review relevant records, or requests that records be sent to the CGG office. At all times, the auditor will safeguard and handle records with due care and maintain confidentiality of information.

3. Why is our organization being audited?

Any charitable organization that receives a community gaming grant could be selected for an audit. The CGG auditors determines which organizations will be audited each year based on certain selection criteria directly attributable to risk factors. These criteria include the value of grants received by an organization and any previous audit results. The CGG office may also select an organization for an audit as a result of a complaint received from the public or due to concerns over a charitable organization's reporting and/or submitted application.

> *Gaming Control Act*, Section 134 – Purposes of audits and inspections by Grant Manager:
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> "The Grant Manager may conduct audits and inspections for the purposes of (a) determining whether a grant recipient has used grant funds for the purposes for which the grant was made, and (b) monitoring the compliance of grant recipients with this Act, the regulations and the conditions of the grant."

Audits help to ensure that all grant recipients are operating in accordance with the standards, policies, conditions and guidelines for receiving the gaming grant. They are conducted to ensure accountability for gaming funds by grant recipients in the province of British Columbia.

4. How far back can our organization be audited?

A "Use of Proceeds" audit is generally limited to the last full fiscal year and current year to date. However, in some circumstances, the audit period may be extended beyond that period due to extraordinary conditions or events, up to a maximum of five years.

The estimated audit period dates are included in the notification letter the auditor sends to you prior to starting the audit.

5. What happens during an audit?

If selected for an audit, an auditor will contact you to arrange an appointment at a mutually convenient time. If it is not feasible to conduct an on-site audit, the auditor will arrange a scheduled date for receipt of your organization's gaming records to conduct a desk-style audit.

The auditor will follow up with a notification letter which will include the records needed to make available for the audit. Further documentation may be requested once the audit has started.

Please designate a contact person to be available to the auditor during the audit. The contact person can be a Board member, staff member, or another knowledgeable individual responsible for gaming funds in your organization. Before examining an organization's books and records, the auditor and the designated contact person will discuss the nature of the organization, the accounting system and basic accounting procedures, as well as the audit process in general.

A pre-audit questionnaire may be conducted on site with the organization or submitted to the organization to complete prior to any meeting or other record submission.

If an onsite audit is to be conducted, a tour of the premises might be appropriate to give the auditor a better understanding of your charitable programs.

6. What is the auditor looking for?

When conducting an audit, the auditor is looking for evidence that an organization has adhered to the standards, policies and guidelines in the use of the gaming grant funds and compliance with the *Gaming Control Act*.

While the auditor can look at any aspect of your charitable organization as it relates to gaming, most often the auditor wants to know whether:

- Your organization has a separate gaming bank account.
- Gaming funds received as a grant, GST refunds, and gaming donations have been deposited into your gaming bank account and spent in accordance with the requirements.
- Accurate and complete audit trail documentation exists to show clearly the amount and purpose of each gaming transaction for both receipts and disbursements.
- Reporting requirements to the CGG Branch, as stated in the conditions that accompany each grant, have been met.

Specifically, the auditor will review:

- Gaming Receipts: Documentation to show that any gaming revenues are properly reconciled to bank records.
- Gaming Disbursements: Gaming cheques must be supported by documentation such as a vendor invoice, payroll transaction record, or a donation receipt (in the case of service organizations), which demonstrates that the disbursement was for the intended purpose.

7. What records should be available?

The auditor can inspect any of your gaming records. The auditor will send a notice letter to the organization indicating the list of gaming records that are required for the audit. Examples of gaming records that an auditor will review include:

- Gaming account bank statements, cancelled cheques, cheque stubs and deposit books.
- Receipts and original invoices for gaming disbursements; and
- Journal or general ledger listing for gaming account.

> **Note:** Non-gaming account information must also be provided if gaming funds were deposited or transferred to a non-gaming account(s).

The auditor will make every effort to complete the audit as quickly as possible. The time spent by the auditor at your office can be minimized by ensuring that any information requested in the notification letter is located before the audit begins. If you have questions about the status of your audit, please feel free to contact the auditor or a manager at the CGG Branch.

8. Can our organization’s gaming application be affected by an audit?

The CGG Branch accesses audit findings when processing grant applications. Normally, a routine audit will not affect the processing of a grant application; however, if an audit uncovers severe deficiencies, this may jeopardize ongoing eligibility for gaming grants.

9. What is the duration of an audit for our organization?

It will take approximately two months from the date of first contact by the auditor to the receipt of your organization’s final report.

10. How long does an organization have to retain their gaming records?

An organization must retain gaming records for five years. However, you may need to consider record retention rules set by the Canada Revenue Agency for taxation purposes prior to destruction.

11. What happens after the audit?

Once the audit is complete, the auditor will discuss the findings with your organization's board members by telephone, in person, or via email. If there are non-compliant findings (such as misuse of gaming funds, reporting arrears, or program deficiencies), a draft report will be issued to the board for further discussion.

If there are no compliance concerns, your organization will receive a final report, and no further communication is required from you.

The draft report will only include exceptions that have been identified. The objective of the draft report is to confirm the accuracy of our findings and to give you the opportunity to understand why they have been identified as exceptions. We require a written response to the draft audit report within 14 days of the date of the draft. If you wish, you may also comment on what actions have been or will be taken to rectify the issues identified.

After this time, a final audit report will be issued, and a copy will be sent to the board of directors of your organization. The report will also be made available within the CGG Branch.

Grant recipients are reminded of their duty to cooperate with the grant manager during an audit or inspection, as required under section 141 of the *Gaming Control Act* (SBC 2022, c. 29). Failure to cooperate or obstruction of an audit may result in enforcement action under Part 10 of the Act.

12. Contact Information

If you have questions about an audit or wish to contact us, please reach out to:

Courier/ In-person

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Mail

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Web: https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gaming-grants

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