

# Response by the Gaming Policy and Enforcement Branch and the British Columbia Lottery Corporation

## Introduction

*This response to The Office of the Auditor General of British Columbia was prepared by the Gaming Policy and Enforcement Branch (GPEB), on behalf of the Ministry of Public Safety and Solicitor General, Province of British Columbia, and the British Columbia Lottery Corporation (BCLC).*

*The contents of this response were confirmed with David Morhart, Deputy Solicitor General.*

## General Response

*GPEB and BCLC are pleased to provide a formal response to the Office of the Auditor General's review entitled "Keeping the Decks Clean: Managing Gaming Integrity Risks in Casinos."*

*It is the strong consensus of both GPEB and BCLC that the report was positive, factually accurate and supportive of the directions the Province of British Columbia has taken in casino gaming over the past few years.*

*The Branch is committed to ensuring the overall integrity of gaming in British Columbia. As acknowledged in this report, on behalf of the Province, GPEB has taken many steps to mitigate the risk to this integrity through our thorough registration processes, investigative services and auditing procedures.*

*Similarly, BCLC is committed to ensuring the effective conduct and management of casino gaming in BC. The Corporation has made many significant improvements to the operating circumstances of BC's casinos since assuming responsibility for conduct and management of casinos and responds as necessary to the regulatory directions of GPEB.*

*The Key Findings section clearly shows the efforts have been worthwhile. The Auditor General notes that government is adequately ensuring:*

- *Those who work in, or provide services to, the casino gaming industry meet high standards of honesty;*
- *That gaming equipment operates fairly in casinos;*
- *That gaming activities are conducted honestly; and*
- *That it receives its correct share of casino revenue.*

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*These findings by the Office of the Auditor General are a substantial endorsement of the framework that the Province has implemented to ensure the patrons of casino gaming, the assets of government, and the associated revenue are well protected.*

## Responses to Specific Recommendations

*The Office of the Auditor General provided a number of specific, and generally technical, recommendations which GPEB and BCLC will use as a guide to improve certain aspects of the regulation, conduct and management of BC's gaming industry. The responses and comments of GPEB and BCLC to the recommendations follow.*

### Recommendations Regarding Registration of Industry Participants

*(Recommendations 1 and 2, which both pertain to GPEB)*

**Recommendation 1: Key employees of GPEB and BCLC have their backgrounds rechecked every three to five years as is currently the case for gaming workers and service providers.**

*Ministry's action: GPEB will adjust its current clearance procedures and implement a five-year renewal process with conditions for senior staff in GPEB and BCLC.*

**Recommendation 2: All BCLC employees who help to ensure gaming integrity in casinos be registered by GPEB.**

*Ministry's action: GPEB agrees that all BCLC employees that help to ensure integrity in all forms of gaming in which BCLC is involved (including, but not limited to, casinos) should be registered by GPEB. GPEB will work with BCLC to identify which positions affect integrity and will implement a full registration process for all such BCLC employees.*

### Recommendations Regarding Certification of Gaming Equipment

*(Recommendations 3 through 5, which all pertain to GPEB)*

**Recommendation 3: GPEB ensure that technical standards specific to British Columbia be developed and adopted to govern the function of gaming equipment in provincial casinos.**

*Ministry's action: This issue is currently being addressed as GPEB drafts a Technical Standards Document (TSD) for gaming equipment, gaming control systems, and lottery schemes offered via the Internet, which will be specific to British Columbia. These standards will be in place later this year.*

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### **Recommendation 4: GPEB obtain additional evidence to support its reliance on independent test facilities to evaluate BCLC gaming equipment.**

*Ministry's action: GPEB strongly believes the current level of standards and cross jurisdictional testing required of a facility is substantial. However, GPEB will investigate if any higher level of certification is achievable for testing facilities and if so will pursue that level of certification.*

### **Recommendation 5: GPEB periodically review the work of BCLC Casino Quality Assurance group to support the branch's reliance on gaming equipment tests carried out by the group.**

*Ministry's action: GPEB agrees and will implement a review process in the near future. This process will include utilizing some independent testing laboratories that are able to provide the technical expertise necessary to assess BCLC's testing processes.*

## Recommendations Regarding the Conduct of Gaming Activities

*(Recommendations 6 through 9, which all pertain to BCLC, and recommendations 10 through 13, which all pertain to GPEB)*

### **Recommendation 6: BCLC update the public information it provides on its website pertaining to the odds of winning at slot machines.**

*BCLC Action: BCLC is currently preparing an updated gaming guide that will contain odds of winning at slot machines in British Columbia by denomination. The information will be easier to understand by the player and can be more efficiently kept up to date than the current guide. The guide will contain information regarding the functionality of slot machines, responsible gaming information including the Provincial Problem Gambling help line and other information pertaining to slot machine play. This guide will be designed in such a manner that the odds can be easily updated and maintained and kept current on a frequent basis. The guide will be available at all Casinos and Community Gaming Centers in British Columbia that offer slot machine play. This information will also be available on the BCLC website. The pamphlet and website will be completed by August 31, 2005.*

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### **Recommendation 7: BCLC report regularly to its Board of Directors on the results of the Operational Gaming Audit Program and each casino's state of compliance with prescribed policies and procedures.**

*BCLC Action: BCLC will report quarterly to BCLC'S Board of Directors. The status of individual casino compliance in relation to BCLC's Casino Standards Policies and Procedures will be provided to the Board.*

### **Recommendation 8: BCLC implement the Surveillance Certification Program at the earliest possible date.**

*BCLC Action: BCLC has provided surveillance table game and slot training manuals to Service Providers outlining various table game procedures and slot machine functionality. The development of a complete training program curriculum is currently underway with the Justice Institute of British Columbia. The training will include a comprehensive curriculum which standardizes training covering all aspects of casino gaming operations. The training will cover all aspects of casino gaming including game protection which consists of slot machine and table game play, procedure auditing, staff and patron monitoring, security and usage of equipment, back of house procedures and observations, reporting procedures to BCLC and GPEB, evidence identification and handling, self exclusion and facial recognition, access controls, financial reporting to Financial Transactions and Reports Analysis Center of Canada (Fintrac), emergency procedures and financial verification procedures. At the completion of the curriculum development, a suitable delivery methodology will be undertaken. BCLC recognizes the surveillance department in casinos as being the major control center of a casino gaming operation and an extensive standardized surveillance training is required in order to effectively protect casino patrons, staff and assets. BCLC is committed to have a comprehensive surveillance operator training and certification program in place in British Columbia. The course development will be completed by March 31, 2006*

### **Recommendation 9: BCLC insure that all casinos have approved Surveillance System Component Plans in place.**

*BCLC Action: BCLC is presently finalizing the approval of the remaining four Surveillance System Component Plans of the 20 casino style gaming facilities in British Columbia. Sixteen of the Surveillance System Component Plans have already been finalized and approved, and it is expected the remainder will be finalized by September 30th, 2005.*

## **Recommendation 10: GPEB's Audit and Compliance group produce more timely audit reports.**

*Ministry's action: GPEB agrees with the recommendation. During the Auditor General's field work, GPEB staff raised this issue as one which needed attention and has already implemented some changes to address it. For instance, draft audit reports are now issued within 30 days of completion. In addition, GPEB aims to reduce the amount of time necessary for responses to draft reports by implementing changes such as; on-site post-audit de-briefing sessions with BCLC and casino management staff to ensure all parties understand the audit findings and issues needing to be addressed.*

*The GPEB audit procedures, which establish reliance on BCLC's conduct and management of casino gaming, include some replication of auditing procedures performed by BCLC. This agreed replication is necessary to provide independent validation that the control procedures said to be in place are functioning as intended.*

## **Recommendation 11: GPEB's Audit and Compliance group obtain direct evidence to support its reliance on BCLC's automated casino reporting systems.**

*Ministry's action: GPEB agrees with this recommendation. The Audit and Compliance field work plan for 2005/06 includes a full review of the systems BCLC has in place in casinos to capture and manage processes and information. These systems include the Casinolink (slot machine management) system, the Integrated Voucher System (slot machine ticketing), the Casino Management System (table management) and the Casino Reporting System.*

## **Recommendation 12: The integrity of gaming should be confirmed as the primary responsibility of GPEB's General Manager.**

*Ministry's action: No action is necessary, although GPEB would like to comment on this recommendation.*

*The primary purpose of the General Manager and GPEB, established in the Gaming Control Act, is to ensure the integrity of gaming and horse racing. This purpose is paramount to all other functions. The Act requires the General Manager to fulfill this role, at the expense of all other purposes. This role is, and remains, the position's primary purpose.*

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*The responsibilities of the General Manager are broad, and include both controlling gaming in the province (through regulatory and enforcement activities) and advising the government on broad policy, standards and regulatory issues (of which some issues may affect government's economic and fiscal policies for gaming). Under law, these responsibilities cannot conflict.*

### **Recommendation 13: GPEB report annually to the Legislative Assembly on the state of gaming integrity in provincial casinos.**

*Ministry's action: GPEB agrees with this recommendation and will implement an annual reporting process through the Solicitor General.*

*Derek Sturko  
Assistant Deputy Minister & General Manager  
Gaming Policy and Enforcement*

*Vic Poleschuk  
President and CEO  
British Columbia Lottery Corporation*

