



New Brunswick Lotteries and Gaming Corporation

Report of the Auditor General – December 2015

Volume III, Chapter 5

Why Is This Important?

- Lottery and gaming activity is a provincial revenue source of approx. \$142 million annually
- Significant delays experienced with annual audit of New Brunswick Lotteries and Gaming Corporation (NBLGC)
- NBLGC has complex accounting issues

What We Found

Geonomics Investment:

- NBLGC participated in Atlantic Lottery Corporation's investment in Geonomics, a UK based online gaming company. NBLGC's participation in this investment was \$4 million
- \$4.3 million lost on Geonomics investment participation
- NBLGC did not perform its own due diligence regarding participation in this investment separately from the Atlantic Lottery Corporation

Overpayments to First Nations:

- Between 2002 and July 2015, overpayments to 7 First Nations totaled \$14 million
- Calculation errors were discovered in 2013 and have not been corrected as of October 2015
- \$3.4 million in known overpayments to July 2015 and continue at \$172,000 per month (estimated)
- No plans to address recovery of the overpayments

Video Lottery Terminals (VLT):

- At the time of our fiscal 2013 audit there were over 300 unauthorized VLTs in NB which may reduce revenue otherwise available to NBLGC
- Department of Public Safety needs to more proactively monitor and increase compliance initiatives to reduce or eliminate unauthorized VLTs

NBLGC Board of Directors:

- Weak NBLGC board governance practices including: lack of an audit committee, lack of regular meetings, small size of board, only internal to government directors
- NBLGC Board of Directors should adopt improved governance practices