



# Atlantic Lottery Corporation – Non-Governance

Report of the Auditor General – October 2016

Volume II, Chapter 3

## Why we did this audit:

- ALC is owned by the governments of the Atlantic Provinces
- ALC last audited by provincial Auditors General in 1996
- The Corporation returned approximately \$368 million in profit to the Atlantic Provinces in 2014-15
- Atlantic Lottery provides significant revenue to the Atlantic Provinces and has been facing increased competition

## Overall conclusions:

- Compensation administered according to corporate policies
- Significant pay increases for executives without consulting shareholder governments
- Travel, hospitality, and board expenses not well-managed
- Contracts appropriately managed, but the process needs to be documented
- Purchase of services is working well, but some improvements needed

## What we found in our audit:

### What worked well

- Salaries and bonuses paid according to ALC policies
- ALC has a travel and expense policy
- Contracts have terms to protect ALC and are regularly monitored
- Purchasing of services meets ALC's policies

### Weaknesses we noted

- Significant increases to executive compensation without shareholder consultation
- Maximum available compensation for the COO and CFO increased by 56 percent
- Overcontributions to pension plan
- Lack of public disclosure of salaries
- Some travel, hospitality and board expenses not properly approved or supported by appropriate documentation
- Spending on concert tickets for elected, political, and government officials
- \$111,000 spent on Christmas events over 29-month audit period not in line with shareholder government practices
- Contract monitoring process not documented
- \$1 million invoice not properly approved
- Supplier conflict of interest disclosures not obtained