

Atlantic Provinces' Joint Follow-up of Recommendations to the Atlantic Lottery Corporation

Overall Results:

Overall, 72% of recommendations had been implemented as at October 1, 2018

- Shareholder governments collectively completed 22% of the recommendations (2 of 9)
- ALC Board of Directors completed 100% of the recommendations (7 of 7)
- ALC management completed 100% of the recommendations (9 of 9)

Shareholder governments did not implement two recommendations intended to improve governance:

- Authorize updated governance practices so that Board members are not elected officials nor employees of government.
- Change the role of public servants on the Board to be non-voting, ex officio members in accordance with best practice.

This is consistent with their response to the recommendations in our October 2016 report. Failure to implement these recommendations risks impeding the Board's fiduciary duty to the corporation and its overall effectiveness in providing sound governance.

Five additional recommendations made to shareholder governments were also not complete:

- Complete an in-depth review of ALC's mandate.
- Periodically review the shareholder agreement and revise as warranted.
- Routinely collaborate and give ALC regular and timely policy direction.
- Define formal performance expectations for ALC that are clear and publicly communicated.
- Complete the ongoing review of the Council of Atlantic Premiers' pension plan and implement required changes.

Failure to implement these recommendations may hinder ALC's effectiveness in making timely business decisions and in the shareholders' ability to evaluate ALC's performance and future sustainability.

We are pleased that all recommendations made to the ALC Board and management were implemented.

We noted shareholder governments have made progress towards implementing our recommendations. However, more effort is required to ensure these key recommendations are implemented in a timely fashion. ALC is a profit-oriented Crown corporation operating in a rapidly evolving industry. In order to remain relevant into the future, it needs more timely strategic direction and policy guidance from the shareholder governments.

We encourage the shareholder governments to collectively expedite implementation of the remaining recommendations to improve governance and business agility of ALC and enhance its public accountability and transparency.