

Kudos Recognition Program Review

Audit Services

March 8, 2021

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Transmittal Letter

March 31, 2021

Yabome Gilpin-Jackson
Chief People Officer
74 West Seymour Street
Kamloops, BC V2C 1E2

Dear Yabome:

Re: Kudos Recognition Program Review

Attached is the Audit Services' report on our review of the Kudos Recognition Program.

Based on the review work performed and within the limited scope of this engagement, we found no exceptions in the monitoring and administration of BCLC's recognition program. We identified three improvements opportunities, which could further strengthen the process, and have discussed these with management.

We thank the management and staff for their cooperation and assistance during this engagement.

Sincerely,

s 22

Gurmit Aujla CPA, CA, CIA, CRISC, CRMA
Director, Internal Audit

cc: Sandy Austin, Director People Rewards & Recruitment
Rob Annett, Manager People Rewards and Wellness

Introduction

BCLC's culture encourages recognizing and rewarding behaviours and values that support the organizational strategy and OneBCLC Values in Action. This includes offering an online recognition program, available to all employees, providing the ability to recognize and award colleagues who demonstrate those behaviours and values.

Previously, the recognition platform, in place since 2008, allowed nominations for awards based on established guidelines with four potential options: bronze, silver, gold or platinum, each of which required management review and approval.

In 2018, People and Culture completed a full program review and proceeded with a Request-for-Proposal to identify an appropriate vendor to address identified improvement areas. The successful vendor was selected in 2019 and the updated recognition program, referred to as Kudos, was launched on February 3, 2020. This launch included education sessions for employees and the use of ambassadors to drive awareness. Kudos provides greater options both in the awarding of points (dollars) and increased options for redeeming. Employees have the option to redeem points when awarded or accumulate a point balance, providing the ability to redeem for a higher-value award. Point values start at 5 points, with awards from 5 to 99 not requiring management review or approval. Awards between 100 and 200 points require review and approval by management. An additional level, Bravo (500 points), is also available to recognize individuals or teams whose achievements significantly contribute to the organization's strategic pillars and requires management and Executive level review and approval.

In agreement with management, and with several months of operations complete, Audit Services determined there was an opportunity to review the updated recognition program to assess the design of controls and identify improvement areas.

Statement of Scope and Objectives

The scope of this engagement included review of the Recognition program implemented February 2020.

The objectives of our review included:

- Review policies and procedures to identify and assess the design of controls in place
- Assess the effectiveness of approval levels in place
- Review analytics to assess effectiveness of monitoring and tracking processes
- Identify and communicate potential improvement areas

Statement of Methodology

The premise of this engagement is based on management being responsible for identifying its business risks and managing them by designing and maintaining a system of internal controls that mitigates these risks. The role of the auditor is to assess management controls and determine whether they are adequate and effective.

This engagement was conducted in accordance with the Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors (<http://www.theiia.org/>).

This engagement included the following key processes:

- Interviews and inquiry
- Discussions with key personnel
- Review of procedures and practices

This approach includes proper project management practices, such as planning, scheduling, resourcing and reporting.

Statement of Audit Standards

We conducted our review in accordance with professional standards issued by the Institute of Internal Auditors. Those standards require that we plan and perform the work to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws, rules and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Personnel Changes in Key Control Areas

BCLC's Audit Committee has requested that Audit Services include information about personnel changes to key control areas during all engagements related to BCLC's core functions. Personnel changes can impact the control environment, effectiveness of key controls, and loss of risk and control knowledge. During this engagement, we discussed personnel changes, retirements, and revisions to roles with management. Audit Services noted there were no changes to key personnel in the People & Culture (P&C) team responsible for Recognition.

Conclusion

Based on the work performed, no exceptions were found during our review of the existing controls to administer and monitor BCLC's recognition program.

Multiple channels were used to communicate established processes and guidelines to employees. P&C completes monthly monitoring of the program, which includes identifying trends that may require program or process updates or additional education to employees. The overall program design, along with the software selected, provide flexibility to adapt to improvement opportunities identified. Implementation of an in-depth semi-annual review allows assessment of trends as well as monitoring and follow-up on any potential instances of collusion. In February 2021, in addition to regular updates to P&C Senior Management, summary data will also be provided monthly to the Executive Committee.

Our review identified opportunities to further strengthen the process and controls, these areas include:

- Modify the current review process for vendor invoices to incorporate a variance threshold. If the review indicates a variance over the threshold then a more detailed reconciliation of the invoice should be completed to follow-up and resolve variances noted.
- Establish a process to monitor awards in pending status and follow-up where the pending status is unchanged for more than 30 days.
- Obtain a legal opinion to support management's position regarding forfeiture of unredeemed awards, including situations when the employees exits BCLC voluntarily or involuntarily. Also, consider communicating BCLC's position on this matter to managers and employees.

Acknowledgements

We wish to thank management and staff for their participation, assistance and cooperation during this review. Audit Services received full access to all resources and information required to complete this review.

Vendor Security Controls Assessment – ServiceNow.com

Audit Services

March 19, 2021

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Transmittal Letter

March 23, 2021

Mark Gutknecht
Director, Integrity & Operations
74 West Seymour Street
Kamloops, BC V2C 1E2

Dear Mark:

Re: Vendor Security Controls Assessment – ServiceNow.com

Attached is the Audit Services' report on Vendor Security Controls Assessment on ServiceNow.com

We conclude there are no exceptions during our assessment of ServiceNow.com assurance reporting and technical controls.

We thank the management and staff of Business Technology for their cooperation and assistance during this audit.

Sincerely,
s 22

Gurmit Aujla CPA, CA, CIA, CRISC, CRMA
Director, Internal Audit

cc: Pat Davis, CIO, VP – Business Technology

Introduction

As part of this year's Annual Audit Plan, we conducted a Vendor Security Controls Assessment on third-party vendors who provide Software as a Service (SaaS) solutions to BCLC. This is an emerging cybersecurity risk area for all organizations that rely on SaaS solutions. **s 15(1)(l)**

s 15(1)(l)

Statement of Objectives

The purpose of this assessment was to review all external assurance reporting and the security controls that our vendors are applying to ensure the confidentiality, integrity and availability of our sensitive information. As part of the assessment, we evaluated how ServiceNow manages information security risks by applying technical security controls and reviewing all relevant third-party assurance reporting against industry recognized standards and best practices.

Statement of Scope

For this engagement – **ServiceNow.com** was chosen for this review. ServiceNow is a cloud-based service management system used for IT service desk functions, provisioning and de-provisioning network access and tracking workflow processes at BCLC.

Statement of Methodology

The following procedures were conducted:

- Interviews with key personnel and questionnaires
- Review of ServiceNow policies and standard operating procedures
- Review of contracts, certifications and external assurance reports

Conclusion

Based on our assessment, we noted no exceptions as outlined in [Appendix A](#). We conclude that ServiceNow applies appropriate technical controls, standard operating procedures, information security best practices and conducts pertinent external assurance reporting for its Software as a Service (SaaS) solution.

Acknowledgements

We wish to thank management and staff for their participation, assistance and cooperation during this review. Audit Services received full access to all resources and information required to complete this review.

Appendix A

External Assurance Reporting

| |  |  |  |  |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|--|---|---|---|---|
| External Assurance Reporting | External Penetration Testing | Vulnerability Assessment | SOC1 Type 2 | SOC2 Type 2 | Cloud Controls Matrix | ISO27001:2013 Information Security | Information Security: Cloud Computing | Privacy Protection: Personal Information | Cloud Privacy | Cloud Computing Compliance Controls | Risk Management & Compliance |
|  | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

s 15(1)(l)