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April 29, 2024

Rod Toula
Interprovincial Lottery Corporation
40 Holly Street – 6th Floor
Toronto, ON M4S 3C3

Dear Mr. Toula:

Re: BCLC's Report on Compliance with ILC Control Standards

We have completed the audit of BCLC's compliance with the Interprovincial Lottery Corporation's ("ILC") Control Standards as required in the Regional Responsibilities (Section 1.2) of the ILC Policies and Procedures Manual. Please find attached the completed Annual ILC Control Standards Audit Report (referred to as Appendix 12 B).

The enclosed Appendix 12 B is intended for the exclusive use of BCLC and ILC in assessing BCLC's compliance with the Control Standards as of March 31, 2024, and is not to be relied upon for any other purpose.

Yours truly,
s. 22

Rao Wandawasi
Director, Audit Services

cc: Pat Davis, President & CEO, BCLC
Dan Beebe, Chief Operating Officer, BCLC
Mark Goldberg, Chief Information Officer and VP, Business Technology, BCLC
Marie-Noelle Savoie, Chief Compliance Officer, and VP, Legal, Compliance, Security, BCLC
Alan Kerr, Chief Financial Officer and VP, Corporate Services, BCLC
Sandy Austin, Chief People Officer, BCLC
Natasha Questel, Chief Social Purpose Officer & VP, Marketing, Social Responsibility & Communication, BCLC

AUDIT REPORT

Service Provider Review



Audit Services
FY2024

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Date: June 21, 2024
From: Rao Wandawasi, Director, Audit Services
To: Dan Beebe, Chief Operating Officer
Re: **SERVICE PROVIDER REVIEW**

I. Introduction

In accordance with the Audit Plan presented to the Audit Committee, Audit Services conducted an audit on BCLC's Service Providers (SP). Pertinent BCLC Management and Audit Services determined the scope of this engagement jointly in a collaborative manner.

The audit report is presented for incorporation and discussion. For the issues identified in the report, an "agreed upon action plan" has been developed in collaborating with management. These action plans are tracked by the Audit Services team for timely implementation. Any delays or non-execution of the action plan is compiled and presented to the Audit Committee.

II. Objective and Scope

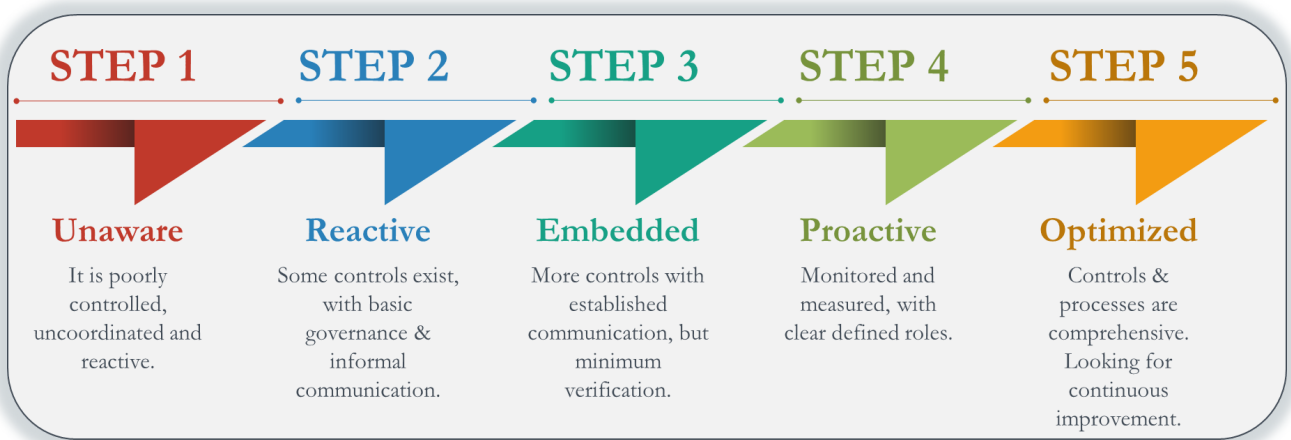
The scope of this engagement included SP gaming facility site visits to review specific key processes and their respective control environments. The objective of this review was to validate aspects of the Operational Services Agreement (OSA), the reasonableness of SP information received and test overall compliance in meeting the intended business requirement and objective. Additionally, the effectiveness and efficiency of controls and any resulting improvements was reviewed. In this regard, areas subject to Audit Services review included, but were not limited to, the following:

- 1. Review Third Party Assurance/Reliance: Minimum Investment Requirement (MIR)**
 - a. Professional Quantity Surveyor (PQS) requirements for significant MIR initiatives,
 - b. Timeliness and consistency of PQS submissions.
- 2. Test SP Financial Annual Business Plans (ABP): Adherence to Requirements**
 - a. Timeliness and consistency of submissions received from SP,
 - b. Accountability and performance measurement processes,
 - c. Internal recipients of business plans to identify duplication of efforts and improvement opportunities,
 - d. Walkthrough of Finance quarterly SP financial health reviews.
- 3. Assess / Review Future Proofing: Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP)**
 - a. Plans comprehensiveness and consistency, including SP impact assessments and scenario analysis,
 - b. New policy and templates to be implemented.
- 4. Review Adherence to Regulations, Policies, Procedures on the Gaming Facility Floor**
 - a. Asset Protection reviews, walkthroughs of Return to Player (RTP) and Game Break processes,
 - b. Compliance to facility health (per regulatory requirement) & safety standards.
- 5. Review Inventory Practices: BCLC Gaming Operations Inventory Management**
 - a. Compliance to inventory management processes.

III. Executive Summary

There are 37 Casinos, Community Gaming Centres, and a Bingo facility in the province of British Columbia which are operated by select SPs. Through a contractual OSA, these SPs work closely with BCLC to maintain strong processes and controls to ensure integrity and compliance within the gaming facilities. BCLC also works with the SPs to continuously improve processes that will ensure that the highest level of player experience is provided to British Columbians.

Audit Services visited four locations as part of this audit. Scope of this engagement included overall facility hygiene, governance and monitoring, strategic document exchange (ABP, BCP, DRP) and overall communication and information exchange pertaining to all the above. The maturity score per Audit Services is at the **Embedded Level - 3.0**, on a five-point scale.



The scope did not include games at the locations or their quality. To foster a stronger control environment and player experience, Audit Services, has noted numerous findings within this report requiring improvement. A few key issues are highlighted in this section:

1. Minimum Investment Requirement (MIR) and Professional Quality Surveyor (PQS)

Engaging PQS offers numerous benefits in construction projects. Currently, SPs are consistently being reminded to engage with PQS when surpassing their MIR thresholds. They do not consistently initiate themselves. Further, BCLC does not hold SPs accountable if they deviate from established practices.

Non-existence of PQS section in the ABP submitted by SPs results in a missed opportunity for comprehensive business planning. Finally, due to the absence of internal deadlines for review of MIR plans, there is a risk of deadlines being extended resulting in non-timely reviews.

2. Inventory (Approx. average slot machine inventory value is \$1.85M)

Inventory management involves maintaining accurate records and implementing a streamlined tracking system. Regular checks and continuous improvements are key elements in ensuring efficient inventory management. There are numerous challenges requiring improvement of ^{s.15} functionality. For example:

- a. ^{s.15} Navigation: Technicians face difficulties due to intricate design and multifaceted functionality.
- b. No ^{s.15} integration: Creates inefficiencies, manual workarounds, and operational complexities.

Technicians must complete inventory counts monthly. On review, there is a lack of fully documented and completed inventory counts by technicians in one of four sites visited. Furthermore, there is inconsistency involving inventory adjustments potentially leading to recorded level and actual stock discrepancy and unreliability of supply chain management.

3. Facility Health

A SP facility that consistently adheres to proper facility standards not only ensures the safety and well-being of players but also surpasses expectations in terms of cleanliness, and overall quality. Specific to casinos and player experience, BCLC's latest strategic plan lists the following details:

- a. BCLC's vision is "to revolutionize gambling experience..."
- b. One of the enterprise priorities is "Elevating our brand(s)..."

For the above to transpire, there are many levels of work and due diligence both by BCLC and SPs. However, step one is a well functioning and exuberant casino that is inviting, refreshing and safe for all.

Overall, the casino ambiance was adequate, however, there exists opportunity for improvement. For example, cluttered server rooms, worn out gaming seats, leaking roof, slot machine wires exposed, etc.

4. Annual Business Plan (ABP)

Utilizing and completing ABP benefits SPs by providing a strategic roadmap for the upcoming year. These plans help align SPs internal teams and BCLC with overarching goals, allocate resources efficiently, and enhance decision-making processes. Completing an ABP is challenging for SPs, as the diversity in their size and operational scale introduces complexities. Smaller SPs encounter resource constraints and limited expertise while larger SPs with multiple sites face the intricate task of harmonizing diverse operations into a cohesive strategic framework. Balancing the distinct needs and capacities of both small and large SPs is crucial in developing a comprehensive and actionable ABP that can effectively guide the entire spectrum of our gaming facilities.

Further, internal stakeholders are challenged in completing timely reviews (within 2 weeks) of SPs submission. Complexity of the plan and volume of information contribute to delays in the review process.

Conclusion:

Few additional findings were noted in the areas of process enhancements for technicians specific to RTP, Asset Protection, GameSense / Game Break and SPs comprehensiveness regarding BCP and DRP.

Overall, it is important to create synergies between SPs and BCLC to ensure compliance, strong controls, seamless collaboration, and optimal outcomes. This collaborative alignment ensures a shared understanding of goals, enhances communication, and fosters mutual support, leading to improved efficiency and exceptional player experience.

Improving internal processes within BCLC along with interaction and key document exchange with SPs is crucial for enhancing operational efficiency, reducing costs, and fostering innovation. Streamlining workflows and optimizing communication contributes to a more agile and adaptive organizational structure, better equipped to navigate evolving challenges, and capitalize on emerging opportunities.

In essence, continuous process improvement is fundamental to maintaining competitiveness and long-term success.

IV. Background

BCLC proudly conducts and manages all casino gaming in the province of British Columbia. There are 37 Casinos, Community Gaming Centres, and a Bingo facility in British Columbia which are operated by select SPs. By working in partnership with SPs, BCLC provides entertainment experiences with the highest standards of integrity, security, and player experience.

In early 2018, BCLC updated its Operational Service Agreement (OSA) for casino and community gaming services, setting the course for greater accountability, long-term private-sector investment and sustained revenues to the province and communities. The OSA provides a framework for BCLC to hold SPs accountable for operational and services standards as well as investment commitments which ultimately drive growth and sustainability of existing and new amenities.

In early 2020, COVID-19 pandemic caused an unprecedented business disruption to all SPs, forcing widespread closures of facilities across B.C. This resulted in substantial revenue losses and staff turnover. The journey to recovery proved to be intricate, requiring strategic and operational adaptations including a delicate balance between reviving revenues and prioritizing public health concerns, underscoring the enduring impact pandemic on the gaming industry.

For the past several years, KPMG has conducted annual casino walkthroughs at selected gaming facilities. However, with a recent shift in their methodology, they stopped these onsite walkthroughs, and rely on other reviews. This provided an opportunity for BCLC to reassess the need for regular onsite visits with a holistic approach to critical areas at SPs.

Audit Services in consultation with management selected four gaming facilities where onsite visits were conducted as part of this audit engagement. The focus highlights a strategic response to the dynamic landscape of the gaming industry, which has undergone tremendous transformations in recent years. Audit Services recognizes the need to assess and adapt to the myriad of changes, ranging from shifts in player preferences, turnover and training of SP staff, and compliance to standards and policies. Audit Services conducting a thorough review of the selected gaming facilities, and assessed their alignment with BCLC standards, risk management practices, and industry best practices. This proactive approach allows BCLC leadership to be abreast with SP activities, challenges, and operations. Additionally, it provides a view into financial integrity, operational efficiency, and the overall resilience of the gaming facilities in the face of a rapidly evolving business environment.

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V. Details of Key Issues

1. MINIMUM INVESTMENT REQUIREMENT: OPPORTUNITY FOR SP AND BCLC TO IMPROVE PROCESS

Engaging a PQS offers numerous benefits in construction projects. Their expertise in cost estimation, procurement, and project management helps optimize budget, and financial forecasting. Additionally, the surveyors aid in risk mitigation, contract administration, and dispute resolution, enhancing project efficiency.

OBSERVATIONS:

A. Include PQS in SP's Annual Business Plan (ABP)

Absence of PQS section in the ABP submitted by SPs results in a missed opportunity for comprehensive financial planning.

Not integrating the surveyor report in the planning process results in following missed opportunities:

- a. Enhance the precision of cost assessments,
- b. Provide valuable insights to optimize resource allocation,
- c. Foster a strategic approach for SPs in their annual business endeavors.

B. Hold SPs Accountable for the PQS Processes

The PQS process requires a SP to engage with a PQS company if they reach or exceed their project investment thresholds (within the MIR process). However, BCLC fails to hold SPs accountable if they do not submit PQS during the initial phase of a project (deviating from the established PQS process).

When SPs neglect or bypass prescribed procedures, it not only impacts the objectives of the entire process, but it also impacts the effectiveness of controls in place.

Not holding SPs accountable poses risks to the overall consistency of BCLC's operations. It not only undermines the cohesion of the structure but can also lead to regulatory and compliance issues. BCLC should:

- a. Institute robust monitoring mechanisms and enforce adherence to established protocols.
- b. Implement consequences for non-compliance.
- c. Establishing a culture of accountability within SPs to maintain standards and BCLC's reputation.

SPs will not proactively engage in PQS unless BCLC follows up and reinforces.

C. Improve Internal Process for MIR Reviews

Absence of internal deadline for completing review of MIR plans submitted by SPs is a procedural gap. There is a risk of inefficiency, as reviews may lack necessary urgency and focus. Establishing clear and reasonable timeframes for plan assessments within BCLC is essential for the following reasons:

- a. To streamline workflow, maintain project momentum, and ensure timely feedback to SPs.
- b. Contribute to a structured and accountable review process, fostering improved communication and overall project efficiency.

Additionally, Excel is used for MIR plan reviews. Due to its limited capability in handling complex data, it is inefficient, can lead to version control issues, and an increased likelihood of errors.

D. Ensure SPs Correctly Utilize Facility Investment Commission (FIC)

BCLC has limited visibility in SP's use of FIC, leading to an information gap. It can be challenging to assess investment effectiveness and ensure funds are appropriately used to maintain and upgraded properties.

BCLC currently does not have a robust validation process. Aspects missing involve:

- a. Regular tests and inspections of the properties to assess their condition and adherence to maintenance standards.
- b. Key performance indicators (KPIs) related to property upkeep can aid in objective evaluations.
- c. SPs to submit detailed reports on expenses and funds allocation on commission received, thereby increasing transparency.

s.21

Audit Services conducted a comprehensive site walkthrough focused on assessing the facility health of Service Providers sites. Numerous deficiencies were discovered which are highlighted in key issue #3 (noted further in the report).

IMPACT:

Exclusion of PQS from the ABP for SPs can have cascading effects on BCLC's overall performance. Without strategic alignment, SPs may not prioritize or adequately address the MIR program regarding PQS, leading to potential gaps. Moreover, if there is a failure to hold SPs accountable for incomplete execution of the PQS process, it affects operational efficiency and erode trust with SPs.

Furthermore, BCLC's failure to continuously improve its internal processes and monitoring FIC payments compounds these issues, hindering long-term growth and adaptability.

AGREED UPON ACTION PLANS:

- A. Currently, BCLC reviews the project schedule/MIR allocation schedule which outlines large capital investments, but to further enhance the process, BCLC will integrate PQS requirements into the ABP, ensuring a dedicated section outlining the necessary steps and thresholds. This reflects a commitment to prioritize and address PQS needs within the broader BCLC strategy.
- B. BCLC will explore additional opportunities for monitoring PQS submissions. Further, will ensure timely communication with SPs to reinforce the adherence to established protocols and evaluate options to implement for non-compliance.

- C. BCLC will continue to focus on improving internal control processes for SP MIR reviews by implementing a comprehensive review framework. This involves refining review protocols and incorporating advanced technology tools. These enhancements will fortify the reliability and effectiveness of SP MIR reviews.
- D. BCLC is committed to establishing a robust monitoring process for reviewing SPs utilizing the FIC. This entails implementing stringent performance metrics, regular tests, and feedback mechanisms to ensure optimal utilization of investments. By fostering a proactive monitoring framework, management seeks to enhance accountability, transparency, and efficiency in the partnership with SPs, ultimately maximizing the impact of facility investments.

RESPONSIBLE PERSON:

A, B, C, D. Jerry Williamson, Director, Gaming Facilities and Development

COMPLETION DATE:

A. December 31, 2024

B, C, D. March 31, 2025

2. INVENTORY PRACTICES: NEED TO IMPROVE BCLC'S GAMING OPERATIONS INVENTORY MANAGEMENT

Inventory management involves maintaining accurate records, employing advanced forecasting techniques to optimize stock levels, and implementing a streamlined tracking system. Regular checks, collaboration between departments, and continuous improvement through technology and training are key elements in ensuring efficient inventory management and reduced downtime of revenue generating equipment.

Note: Approximate average slot machine inventory value is \$2.8M.

OBSERVATIONS:

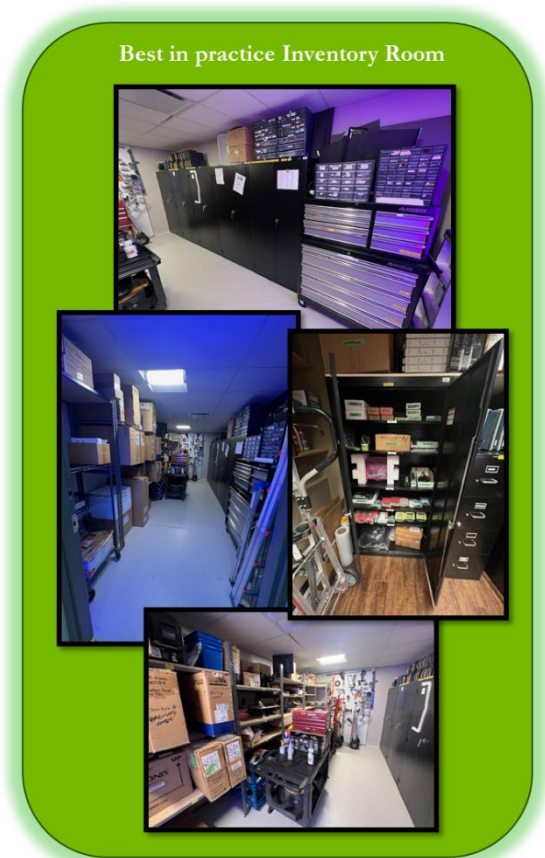
A. Improve the Functionality of s.15 Process and System.

Adoption of the new s.15 system process has been challenging to BCLC technicians, requiring users to familiarize themselves with functionalities. Overcoming this difficulty often involves thorough training.

- a. Navigating through s.15 Technicians often encounter difficulties using the s.15 system due to its intricate design and multifaceted functionalities. s.15 complexity can result in steep learning curves, requiring comprehensive training for technicians to navigate effectively and efficiently.
- b. Part descriptions: s.15 system design may present challenges as it provides only part numbers without associated part descriptions. This potentially leads to confusion for technicians seeking detailed information. This limitation results in maintaining supplementary database to bridge the gap between part numbers and corresponding descriptions in s.15

s.17

- c. Integration – Lack of integration between s.15 and s.15 creates inefficiencies, as data and processes cannot seamlessly flow between the two systems. This results in manual workarounds, data discrepancies, and increased operational complexities for users navigating between the two non-integrated systems. Additionally, technicians and product team are challenged with the following:



Cause	Effect/Challenges
Lack of integration from s.15 to s.15	Lack of slot machine master record – asset life cycle of slot machine
Inventory Orders – Check in/out	Complicated process for ordering slot machine parts in s.15
Bill of Material structure within s.15	Lack of consistent process for partial kit usage and tracking

B. Inventory Counts not Completed Timely.

Technicians should perform sample inventory blind-counts monthly and enter in s.15. There is a lack of fully documented and completed inventory counts for one of four sites. Inaccurate counts can cause inventory level uncertainty, impacting accuracy of financial records and decision-making processes. This can increase downtime of revenue generating equipment (operation disruption).

C. Improve Inventory Adjustment Processes.

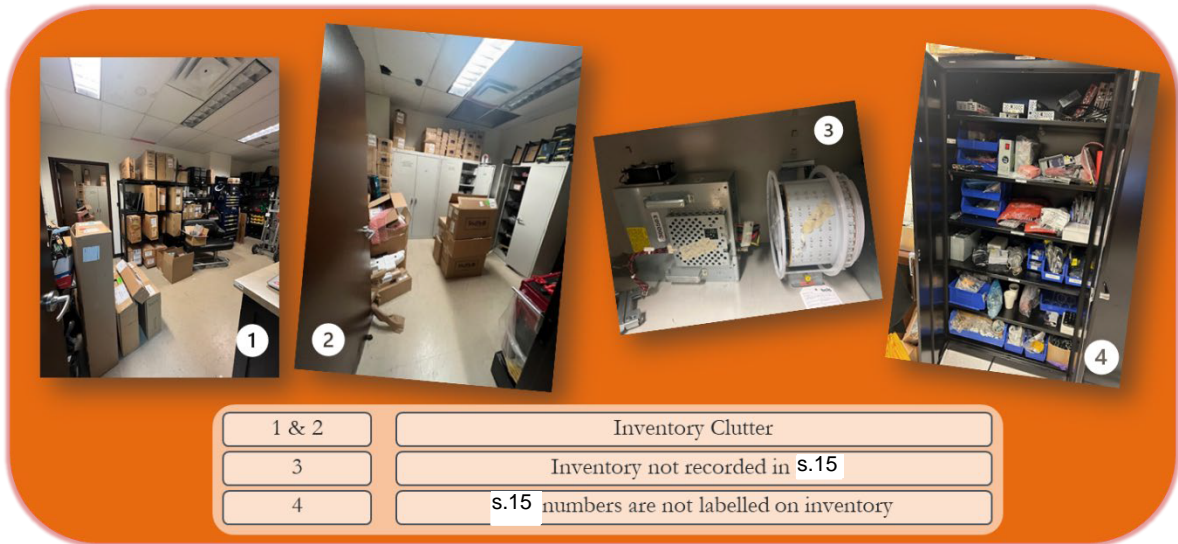
Inconsistent inventory adjustments can lead to discrepancies between recorded stock levels and actual inventory, impacting the reliability of financial reports and supply chain management.

- 1. Average rate of inventory adjustment across all sites – 22%
- 2. Average rate of inventory adjustment across warehouse – 3%

- a. Inconsistent inventory adjustments: Technicians can arbitrarily adjust/assign slot machine inventory to any slot machine if they forget to assign it to the correct slot machine when they “checkout” the part. This introduces risk of error, leading to discrepancy in stock level, asset life-cycle reporting or incorrect allocation of parts.
- b. In 2022, BCLC transitioned to “just-in-time” for parts inventory. Without revisiting the minimum and maximum inventory levels on a regular basis (with the respective stakeholders), there is a possibility of significant downtime for slot machines on the gaming floor. Maintaining the correct number of parts on site and reviewing appropriate inventory level is essential to ensure reduced downtime of slot machines and enhanced player experience.
- c. BCLC head office benchmark on average adjustment rate: Currently a 2% adjustment is used based on various industry standards. Not utilizing an analysis driven benchmark for adjustment rate can skew performance metrics and hinder accurate decision-making. Additionally, accountability from technicians to meet sites target adjustments are necessary to align with evolving BCLC needs.

D. Observation of BCLC Inventory Storage Rooms

- a. Without proper organization, finding items is time-consuming, leading to operational inefficiencies (3 of 4 sites).
- b. s. 15
- c. Not logging inventory in the system causes lack of visibility/control, hindering accurate tracking, planning, and decision-making (1 of 4 sites).



IMPACT:

Not using proper inventory practices can lead to increased costs, reduced efficiency, and avoidable downtime. Inaccurate stock levels can lead to over/understocking, tying up capital unnecessarily, and disrupting player experience (slot machines not functioning), thus affecting BCLC's competitive edge.

AGREED UPON ACTION PLANS:

- A. BCLC is committed to enhancing the functionality of the s.15 process and system for end users through targeted training programs and user feedback sessions. By identifying user pain points (i.e.: providing part descriptions, integrating systems from s.15 and s.15 and s.17) and incorporating their suggestions, the organization aims to streamline processes, and provide ongoing support to ensure a more intuitive and efficient experience with the s.15 system. Regular updates and communication channels will be established to keep end users informed about system improvements and foster a collaborative approach to system optimization.
- B. BCLC will implement a systematic approach to monitor inventory counts conducted by technicians on a regular basis. This involves setting up scheduled checks, utilizing technology for accurate tracking, and implementing controls to ensure reliability of inventory data collected by technicians.
- C. BCLC will leverage historical data metrics to calculate the average rate of inventory adjustments, providing a baseline for normal fluctuations. Regular monitoring of inventory adjustments from various SP sites will be conducted, comparing the observed rates against historical averages to promptly identify

and investigate any unusual discrepancies. This data-driven approach aims to enhance inventory accuracy and efficiency while enabling proactive measures to address anomalies real-time.

- D. BCLC is committed to maintaining the integrity of on-site inventory through a structured approach of regularly monitoring reviews. BCLC will further strengthen the controls on systematic checks of stock levels, storage conditions, and adherence to inventory management procedures. These reviews will be scheduled at defined intervals to ensure consistency, and findings will be documented for analysis. Continuous feedback and adjustments to processes will be implemented based on the insights gained from these regular monitoring reviews, fostering an environment of continuous improvement in inventory management practices.

RESPONSIBLE PERSON:

A, C. Karen Pinette, Director Corporate Services & Facilities

B, D. Bal Bamra, Director Gaming Operations

COMPLETION DATE:

A. March 31, 2026

B. June 30, 2024

C. March 31, 2025

D. June 30, 2024

3. NEED TO IMPROVE FACILITY HEALTH WORKING WITH SP'S – LACK OF FACILITY STANDARDS ADHERENCE

A SP facility that consistently adheres to proper facility standards not only ensures the safety and well-being of players but also surpasses expectations in terms of cleanliness, and overall quality. Such a facility creates an environment that not only meets basic health requirements but provides a superior and enjoyable experience for everyone within its premises. This commitment to excellence fosters a positive perception and trust among players, contributing to the overall success and reputation of BCLC and SPs.

OBSERVATIONS:

Lack of Facility Health Standards Adherence

Specific to casinos and player experience, BCLC's latest strategic plan highlights the following:

- a. BCLC's vision is "to revolutionize gambling experience..."
- b. One of the enterprise priorities is "Elevating our brand(s)..."

For the above to transpire, there are many levels of work and due diligence required both by BCLC and SPs. However, the first step is a well functioning and exuberant casino setup that is inviting, refreshing and safe for all. Overall, the casino ambiance was adequate, however, there exist opportunities for improvement.

Below are examples of the observations and visuals of sites visited by Audit Services.

1	Clutter SP server room/not ventilated, and temperature controlled
2	Worn out gaming chair
3	Leaking roof
4	Fire extinguisher posted dated inspection (expired)
5	s. 15
6	
7	SP server room cluttered. Waterline running in background (hazard)

Audit Services noted that at a few facilities, the SPs do not fully adhere to facility health standards compromising the well-being and safety of staff, players, facility assets and structure. As a result, these facilities undermine BCLC and SPs credibility and reputation. It is imperative for SPs to prioritize and consistently enforce established standards to create an environment that is not only compliant but also conducive to the well-being and satisfaction of all those who utilize the space.

SUMMARY OF OBSERVATIONS AT THE SP FACILITIES		
DESCRIPTION	BCLC	Service Providers
Physical Access	s. 15	
Physical Environment	s. 15	Missing carpet. Excessive wear on stairwell Leaking roof enroute to server room Server room is not temperature controlled s. 15
Slot Machines	s. 15	
Electrical and Cables	s. 15	Poor cable management. Clutter of cables in server room
Equipment		Gaming seats have excessive wear
Fire & Emergency Preparedness		Fire extinguisher postdated inspection

IMPACT:

The impact of SPs not meeting expectations for facility standards can be far-reaching and detrimental. It not only undermines the uniformity but also jeopardizes BCLC’s reputation. When a SPs fails to meet established standards, it reflects poorly on BCLC, leading to a diminished perception of quality and player experience. Inconsistent standards erode trust in BCLC and SP brand, potentially affecting customer loyalty and the overall success of the establishment.

AGREED UPON ACTION PLANS:

BCLC aims to enhance monitoring of SPs by implementing a robust review process that regularly assesses SPs adherence to facility health standards. This involves conducting frequent tests, establishing clear performance metrics, and fostering transparent communication channels to promptly address any deviations from the prescribed standards. Continuous improvement strategies and involving OGC will be explored based on feedback and data gathered through the monitoring mechanisms.

RESPONSIBLE PERSON:

Bal Bamra, Director, Gaming Operations

COMPLETION DATE:

March 31, 2025

4. TEST ADHERENCE TO REQUIREMENTS AND ENHANCE THE ABP EXPERIENCE

Utilizing and completing annual business plans benefits SPs by providing a strategic roadmap for the upcoming year. These plans help align SPs internal teams and BCLC with overarching goals, allocate resources efficiently, and enhance decision-making processes. Additionally, the process encourages adaptability, enabling SPs to navigate dynamic business landscapes with a clear focus on long-term success.

OBSERVATIONS:

A. SP Challenges in Completing the ABP

Completing an ABP is challenging for SPs, as the diversity in their size and operational scale introduces complexities.

- a. Smaller SPs encounter resource constraints and limited expertise, making the planning process demanding.
- b. Larger SPs with multiple sites face the intricate task of harmonizing diverse operations into a cohesive strategic framework.

BCLC has been diligent with answering any concerns SPs have in completing the updated ABP.

Balancing the distinct needs and capacities of both small and large SPs is crucial in developing a comprehensive and actionable ABP that can effectively guide the entire spectrum of BCLC's gaming facilities.

B. BCLC Challenges in Completing Reviews for the ABP

Internal stakeholders are challenged in completing timely reviews (within 2 weeks) of SPs ABP. The complexity of the plan and the volume of information received contribute to delays in the review process. Tight timelines and competing priorities within BCLC can further impede the internal reviewer's ability to thoroughly assess and provide meaningful input. Streamlining communication channels, setting realistic deadlines, and providing adequate support could enhance the efficiency of the review process.

C. Modernizing Tools Utilized for Reviewing ABPs

Despite familiarity in utilizing Excel to its full potential, using it to review ABPs may prove ineffective, inefficient, and hinder comprehensive analysis for internal teams (Gaming Facilities Development and Enterprise Partner Finance – Decision Support).

Equipping internal BCLC teams with the appropriate tools is paramount for ensuring efficiency in task completion and boosting productivity. Whether it's specialized software, effective communication platforms, or tailored resources, providing effective tools aligns with optimizing processes, reducing errors, and fostering a conducive environment for achieving BCLC goals.

IMPACT:

When SPs fail to submit comprehensive ABP, the impact to BCLC may become significant, as it can lead to misaligned goals and hinder effective collaboration. Inaccurate or incomplete plans may impede

BCLC's ability to allocate resources efficiently and make informed decisions, potentially affecting the overall performance and strategic direction.

Not providing internal stakeholders with the efficient tools and sufficient time to review the ABP can affect their ability to conduct thorough assessments and provide valuable insights in a timely manner.

AGREED UPON ACTION PLANS:

- A. BCLC is committed to supporting SPs in completing their ABPs by providing tailored assistance based on the size of each provider. This includes personalized guidance, resources, and a flexible framework that accommodates varying requirements. By recognizing the diverse needs of SPs and implementing a size-specific approach, BCLC aims to foster a collaborative environment that ensures comprehensive and effective ABPs aligned with the unique characteristics of each facility.
- B. BCLC will enhance the internal review process for ABP evaluations by implementing a more structured and comprehensive framework. This involves refining review criteria, incorporating departmental expertise, proactively including feedback from key stakeholders, and ensuring a rigorous and thorough examination of each plan to drive continuous improvement.
- C. BCLC will explore various options and platforms to enhance business plan data analysis and reporting capabilities. This strategic initiative involves evaluating advanced technologies and tools that can provide robust analytical insights, streamline reporting processes, and ultimately empower informed decision-making based on comprehensive business plan data.

RESPONSIBLE PERSON:

A, B, C. Jerry Williamson, Director, Gaming Facilities and Development

COMPLETION DATE:

A. December 31, 2024

B, C. March 31, 2025

5. OPPORTUNITY TO ENHANCE PROCESS FOR BCLC TECHNICIANS SPECIFIC TO RETURN TO PLAYER (RTP)

The integrity of gaming equipment and systems is paramount, to ensure players have absolute confidence and trust their bet is fair. It is important to ensure all quality assurance testing, deployment practices and system settings are accurate and complete at all times. This is typically achieved through appropriate onboarding of technicians, clear communication and adequate monitoring.

OBSERVATIONS:

A. Available BCLC Resources not Fully Communicated or Understood by Technicians

The challenge of BCLC technicians (technicians) not fully comprehending available onboarding and relevant resources often stems from the following:

- a. Abundance of information new technicians must review and learn. Essential guidance may exist but is difficult for a new technician to locate and absorb all information at once when onboarding.
- b. No clear and accessible channels to convey the existence, relevance, and utilization methods of onboarding resources. These impacts technicians being well-informed and harnessing available resources for smoother onboarding process.
- c. Regular updates, and continued mentorship required to bridge the learning gap, is lacking.

B. s.17, s.21

C. Preventative Tracker not Consistently Used and Supported.

The preventative tracker is a tool technicians use to track and document regular preventative maintenance checks, including RTP settings of slot machines. This tool has not been supported by BCLC for approximately two years and hence is not consistently used by technicians to document their maintenance checks.

Decentralization of data can pose challenges for key stakeholders seeking real-time analysis due to fragmented data sources for RTP settings across various casino locations. Without a centralized repository, accessing and integrating data in real-time becomes cumbersome, potentially leading to delays and inconsistencies in analysis.

In the long run, the decision to use an unsupported tool can compromise efficiency, security, and overall operational stability.

IMPACT:

The impact of technicians not fully comprehending the resources, coupled with certain dated tools can introduce a layer of complexity and uncertainty in their workflow, potentially leading to increased troubleshooting time and decreased overall effectiveness.

AGREED UPON ACTION PLANS:

A. BCLC will continue to enhance its communication strategy to provide a clearer and more accessible channel for technicians regarding the existence, relevance, and utilization methods of available resources. This involves implementing streamlined communication platforms, regular updates, and interactive training sessions to ensure technicians have comprehensive information, fostering improved resource utilization.

B. s.17, s.21

s. 15

s.17, s.21

C. BCLC will implement a supported tracker tool designed to empower technicians in tracking and managing RTP machine settings seamlessly. This tool will incorporate user-friendly interfaces and real-time monitoring capabilities, enabling technicians to efficiently oversee and adjust RTP machine settings with precision.

RESPONSIBLE PERSON:

A, C. Bal Bamra, Director, Gaming Operations

B. Charlene Nielson, Director, Product Management and P360 Player Strategy

COMPLETION DATE:

A. June 30, 2024

B. Date to be confirmed by stakeholders later

C. December 31, 2026

6. FURTHER COLLABORATION WITH SPs TO ENHANCE ASSET PROTECTION

Collaboration between BCLC and SPs is pivotal for achieving shared goals and delivering optimal outcomes. This partnership fosters effective communication, seamless exchange of information, resources, and expertise. By establishing clear expectations, BCLC can leverage the strengths of their SPs to enhance overall efficiency, innovation, and the quality and integrity of delivered services.

OBSERVATIONS:

A. s.17, s.21

s.17, s.21

B. s. 15

s. 15

C. Current and Future Staffing Concerns for SPs

SPs face persistent challenge in finding new employees to meet staffing needs. Despite proactive recruitment efforts, the competitive job market and evolving industry demands present obstacles. SPs encounter difficulties in finding skilled resources required for the unique gaming roles. Factors like, shortage of specialized talent in the market, further compound the challenge.

Training inexperienced staff on a unique set of skills also poses a significant challenge for SPs. The intricacies and specialized nature of these skills requires a tailored and often resource-intensive approach to ensure effective learning. Finding suitable training programs or qualified trainers may be challenging due to the specificity of the skills involved.

In the long run, this challenge can impact service quality and player experience at the casinos.

Many SPs table game staff are employed under a work visa which are soon to expire.

7. OPPORTUNITY TO FURTHER IMPROVE – GAMESENSE, GAME BREAK, AND IDENTIFICATION PROCESS

BCLC's GameSense Advisor (GSA) Program is a service available to players and staff, where education, support and referral is provided to foster healthy approaches to gambling and reducing harm. The program educates player's about how games work, the odds and probability of winning, the importance of taking regular breaks and how to set time and budget limits for gambling. GameSense Information Centers (GSICs) at casinos and community gaming centers (CGCs) represent the GameSense brand and are designated spaces in which GSAs provide programming and customer interactions.

OBSERVATIONS:

A. Improvement to the GameSense Information Centers

Below is a visual of a GameSense Information Centre that includes key elements of GameSense design principles:

- Approachable and welcoming to everyone: the centre is in a convenient location on, or adjacent to, the gaming floor.
- Support relevant, timely and meaningful interactions: the space is flexible to enable GameSense Advisors (GSAs) to have meaningful and timely conversations with a variety of players.
- Keep it entertaining: GameSense aims to ensure gaming stays fun. The centre is part of the entertainment versus interrupting it.



Below are visuals of GameSense Information Center which may hinder a player experience.



A GameSense Information Center not meeting established standards can significantly detract from the overall presentation and functionality of the space. When the GameSense Information Center slot machine and tablets are present but not functioning correctly, are not stocked with pamphlets, and fails to adhere to set standards, it creates an unwelcoming and unprofessional impression. Clutter can obscure products or information, making it challenging for visitors to engage with the GameSense Information Center effectively. Ensuring that booth areas are well-organized and meet established standards is crucial for creating a positive and impactful presence at facilities. This attention to detail not only enhances the visual appeal but also contributes to a more seamless and successful player experience for both GSA, SPs, and players.

B. Game Break Registration Process not Fully Functioning Leading to Manual Intervention

When Game Break registration process for SPs is not working at full functionality, it imposes significant challenges. SPs are required to pivot to time-consuming manual procedures, impacting both productivity and the overall player experience. This situation not only hampers the efficiency of the registration process but also introduces the risk of errors and inconsistencies. The prolonged process can also lead to increased stress for the impacted player who may already be in a fragile mental state.

Addressing and resolving these software limitations is crucial to streamline operations, minimize potential errors, and empower SP staff to deliver a more seamless and effective service to players.

C. Newer Identification Processes – Require Additional Tools and Greater Monitoring

- a. ID system – Currently when players visit the casinos the ^{s. 15} station at entry does not provide SPs any information on why a player may be banned from the facility. If a player requests explanation for denial of entry, SPs request the player step aside and wait while they review player profile on ^{s. 15} in

the back office. When crucial information about a player is not readily available, during the wait, there is a risk the player may become upset or disruptive to other players waiting to enter.

In addition to providing more information on the ID screen, assigning color coded risk ratings to players can be beneficial in contexts such as security, finance, or player health.

- b. Communicating process changes (ID at entry) – Recently, SPs approached BCLC with a request to hand stamp players after ID verification at entrance. BCLC reviewed this new process and subsequently approved. Audit Services noted a facility had decide to alter this process (without BCLC consultation) and allowed players the option of stamp on hand or paper. Audit Services raised this to BCLC operations and has since been remediated by that SP.

This posed a significant risk to the effectiveness and integrity of ID at entry. Stamped paper can be provided to someone under the legal age, those on a Game Break or banned from facilities. These scenarios provide access to those who should not be permitted in a casino, thus impacting BCLC's reputation.

IMPACT:

Failing to provide players with complete education and awareness of enrollment processes can have far-reaching impacts. These impacts can includes inefficient Game Break processes and incomplete iTrak data which includes inaccurate player information being captured which may lead to non-compliance to government directives for self-excluded players. Players may also not be aware of all relevant enrollment information related to their Game Break which may cause confusion and disengagement.

AGREED UPON ACTION PLANS:

- A. BCLC will ensure GameSense Information Center will be well-organized and meet established standards by conducting periodic reviews of GameSense Information Centers.
- B. BCLC will collaborate with SPs to ensure the proper functioning of Game Break registration process. This involves regular communication, performance assessments, and proactive troubleshooting efforts to address any issues promptly, ensuring a reliable and optimal gaming environment for players.
- C.
 - a. BCLC will conduct a thorough review to determine if additional information on the ID system can be provided for SPs.
 - b. BCLC will commit to proactively follow up periodically with SPs on any process changes, ensuring seamless adaptation that are implemented by SPs.

RESPONSIBLE PERSON:

- A., B. Ryan McCarthy, Director, Player Health
- C.a. Kevin Sweeney, Director, Enterprise Compliance and Security
- C.b. Bal Bamra, Director, Gaming Operations

COMPLETION DATE:

- A., B. Completed
- C.a. Date to be confirmed by stakeholders later
- C.b. June 30, 2024

8. ASSESS COMPREHENSIVENESS OF SPs BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

An organization's commitment to establish a robust business continuity plan (BCP) and disaster recovery plan (DRP) reflects a proactive approach to mitigate potential disruptions. The plans ensure the organization is well-prepared to navigate unforeseen events, minimizing downtime, protect critical assets, and facilitating a swift recovery. It demonstrates organizations resilience and commitment to prepare against contingencies.

OBSERVATIONS:

s.15, s.21

s. 15, s.21

RESPONSIBLE PERSON:

Jerry Williamson, Director, Gaming Facilities and Development

COMPLETION DATE:

March 31, 2026

VI. Other Opportunities

The other opportunities section is provided for managements consideration. These are not gaps or issues within the current process in this area of operations. Audit Services will not be following up with management to determine if the aspects highlighted in the other opportunities section have been implemented. It is left to management's discretion.

1. ENHANCE PROCESS FOR BCLC TECHNICIANS SPECIFIC TO RTP

OBSERVATIONS:

s.17

Appendix I

DESCRIPTION OF SYSTEMS REFERENCED

System	Description
s. 15	Financial system software used across BCLC departments
	Software used by SPs to scan in players at the entry of a casino facility
	Software system BCLC and SPs use to track players and report incidents

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