

Appendix I: Corporate Governance Audit Criteria

Objective: To determine whether governance structures and processes create a framework for effective governance and are working well.

Criteria

1: The mandate, mission and objectives of Atlantic Lottery Corporation should be clearly documented and agreed upon by all shareholders and the Board. These should be periodically reviewed to ensure they remain consistent with the needs of shareholders.
2: The relative roles, responsibilities, and accountabilities of the shareholders and their representatives, the Board of Directors and its Committees, the CEO and management should be clearly documented and agreed upon by appropriate parties.
3: Shareholder performance expectations should be clearly communicated to the Atlantic Lottery Corporation Board. The Board should communicate performance expectations to senior management.
4: There should be regular public reporting on corporate performance.
5: The Board should develop and maintain a communication plan that promotes two-way communication with shareholders, key stakeholders, and other external parties who provide ongoing information to the Board.
6: The Board should receive appropriate and timely information to support decision-making and discharge its duty of care.
7: The Board appointment process should ensure candidates are independent and have the characteristics and skills that will best contribute to Board effectiveness. Processes should be clearly documented and consistently followed.

Appendix II: Non-Governance Audit Criteria

Executive and Employee Compensation and Benefits

Objective: To determine whether Atlantic Lottery Corporation’s executive and employee compensation and benefits are appropriately managed.

Criteria

1: Atlantic Lottery Corporation should have compensation and benefit policies for executives and employees. Policies should be periodically reviewed to ensure they remain appropriate.
2: Executive and employee compensation and benefits should be consistent with policies.
3: Executive and employee salaries and benefits should be based on appropriate comparator groups.
4: Performance-based compensation arrangements should be clearly defined and followed when making awards.
5: Information on executive and employee compensation should be publicly reported to promote transparency and be consistent with modern disclosure practices.

Travel, Hospitality, and Board Expenses

Objective: To determine whether travel, hospitality, and Board expenses are managed in a transparent manner that promotes the appropriate use of shareholder money.

Criteria

1: Atlantic Lottery Corporation should have policies that guide spending on travel, hospitality, and Board expenses and promote transparency and accountability. Policies should be periodically reviewed.
2: Travel, hospitality, and board expenses should be in compliance with Corporation policies.

Contract Management

Objective 1: To determine whether significant contracts are monitored to ensure services are received, and payments made, in accordance with contract terms.

Objective 2: To determine whether Atlantic Lottery Corporation assesses the effectiveness of significant contracts in meeting its objectives and achieving enterprise value.

Criteria

1: Final contract terms should be consistent with the detail contained in the approved request for proposals submissions and subsequent negotiations.
2: Contracts should include terms to protect the Corporation.
3: There should be processes to monitor contracts to ensure services are received and payments made in accordance with contract terms. Timely action should be taken when performance issues are identified.
4: There should be processes to assess the effectiveness of contracts to determine whether objectives are met.

Procurement of Services

Objective: To determine whether Atlantic Lottery Corporation procures required services in an efficient and economical manner.

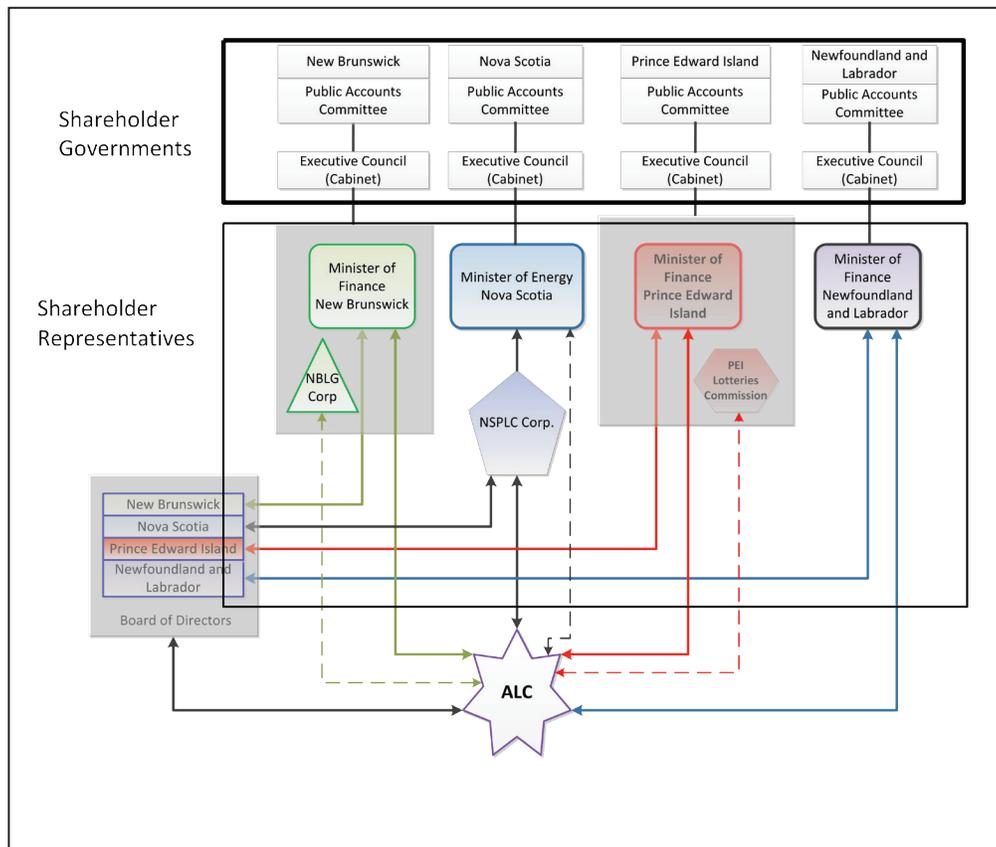
Criteria

1: There should be clear policies governing the procurement of services.
2: Procurement should be based on needs identified through business and risk management planning, strategic objectives, shareholder orientations and financial frameworks.
3: The procurement of services should be in compliance with relevant procurement policies and procedures.
4: Evaluation criteria defined in tender documents should be followed when evaluating vendor proposals.

Appendix III: Summary of Applicable Gaming Legislation and Governance Documentation

Gaming Legislation and Atlantic Lotteries Governance		
Document	Level	Summary
Section 207 Criminal Code of Canada	Federal to Provinces	Allows Province(s) to conduct and manage lotteries and gaming
New Brunswick Gaming Control Act	Provincial authority	Delegation of authority to NBLGC
Newfoundland and Labrador Lotteries Act	Provincial authority	Delegation of authority to Minister of Finance
Nova Scotia Gaming Control Act part 1	Provincial authority	Delegate and grants authority to NSPLCC
Prince Edward Island Lotteries Commission Act	Provincial authority	Delegation of authority to Commission
Unanimous Shareholder Agreement – Nova Scotia Agency Agreement – Prince Edward Island Agency Agreement	Atlantic Lottery Corporation	Agreement between four Atlantic Provinces for ALC to conduct and manage lotteries and gaming or operate lotteries
Business Corporations Act Corporate By-Laws	Atlantic Lottery Corporation	ALC articles of incorporation Board Governance framework
Governance Manual, Terms of Reference, Charters	Board of Directors and Management	

Appendix IV: Entity Relationship – Diagram Mapping the Governance and Oversight Relationships of Atlantic Lottery Corporation



Prepared by OAG staff

Note 1: Not reflected are the agent operator relationships associated with the agency agreement between Atlantic Lottery Corporation and Nova Scotia Provincial Lotteries and Casino Corporation. Also excluded are the regulatory components and relationships.

Atlantic Lottery Corporation executive (typically CEO) has a direct relationship with representatives within each provincial government and receives direction and input from each shareholder government. In the case of Nova Scotia however there is less of a direct relationship with the Minister. It is more often through Nova Scotia Provincial Lotteries and Casino Corporation, although there is still some direct interaction such as at the annual minister’s summit and as a Crown entity to the responsible Minister.