



The Compliance Division of Gaming Policy and Enforcement Branch (GPEB) has put together this information bulletin to help PACs enhance their control environment and compliance with applicable gaming legislation.

PACs are accountable to its members, which consists of parents or guardians of students attending the school. PACs are often at higher risk of theft or fraud because of a lack of segregation of duties, high board turnover, and smaller boards. Further, throughout the school year, many PACs handle cash received from licensed gaming events. Having effective internal controls helps to reduce the risk of funds being misappropriated and ensures that accounting information and financial reporting is accurate.

How GPEB selects PACs for Audits

The Compliance Division conducts audits to ensure that funds received as a grant or raised by licensed gaming are used for eligible purposes, and licensed gaming events are conducted in accordance with all applicable legislation, regulations, policies, and directives under the authority of the Gaming Control Act and Regulation, and conditions of the grant and licence. When we select a PAC for audit, we consider various factors including:

- The amount and use of money raised from gaming grants or gaming events.
- The results of past audits including if/when a PAC was last audited.
- Issues arising during the licence application or reporting processes.
- Complaints from the public.



Security of Assets

- Keep funds and records locked up and limit access to individuals on a need-to-have basis. If records need to be taken off-site, use a sign-in/out sheet to track custody.

Segregation of Duties

- Involve multiple individuals to prevent a single individual from misappropriating funds and assets and to check against errors. Processes that are commonly broken up and assigned to different individuals include:
 - Physical handling of assets including cash, cheques, prizes, and mail.
 - Expense requests and approvals.
 - Disbursements including cheque signing and electronic fund transfers.
 - Recordkeeping and management review.
- Other best practices for segregating duties include:
 - Have critical mail (e.g. bank statements, cancelled cheques) sent to the organization's president or equivalent for review prior to passing on to the treasurer.
 - Review disbursements to see if the payee is also the expense approver or cheque signer. Ideally, payees should not be approving their own expenses or issuing disbursements to themselves to mitigate the risk of theft.

Board Review and Oversight

- Present financial reports to the board on a regular basis and invite board members to ask questions. Address questions and concerns raised by the board in a timely manner.
- Have board members review financial reports (e.g. bank statements and reconciliations) and supporting documentation (e.g. invoices for cheque disbursements) and document their review by initialing the documents.

Gaming Accounts

- Have a separate account (Gaming Account) with your financial institution that is only used for funds relating to gaming grants, licensed gaming, or gaming fund donations from service clubs.
 - The Gaming Account and cheques issued from the Gaming Account should use the name “Gaming Account – YOUR ORGANIZATION”.
- Cheques issued from the Gaming Account:
 - Must be signed by two unrelated individuals, one of whom must be an officer of the organization.
 - Must not be pre-signed.
- Electronic fund transfers or automated debits from the Gaming Account:
 - Must be authorized by two unrelated board members.
 - Must have an authorization document list permitted expenses and maximum transfer limits. This authorization document must be retained with Gaming Account records.
- Ensure the financial institution is aware of all approved signing authorities.
- Cash disbursements from the Gaming Account are not permitted.
- Cash and cheque deposits should be tracked in a deposit book.



Recordkeeping for Gaming Accounts

- Ensure that the purpose and amount of each Gaming Account transaction can be explained and is supported by documentation.
 - Retain disbursement records including cancelled cheques, bank statements, bank transaction receipts, and invoices.
 - Retain sales receipts for a period of five years from the end of the fiscal year in which the revenue was disbursed.
- Retain documentation if an error is made:
 - Spoiled cheques should be marked “VOID” and retained in the cheque book.
 - Errors on deposit slips should be marked as “CANCELLED” and retained in the deposit book.
- Records can be stored physically or digitally; appropriate safeguards should be in place to ensure that they are kept confidential, readily available and secure from tampering.

Human Resource Practices

- Perform background checks (e.g., criminal record checks, reference checks, etc.) on new board/executive committee members.
- Develop a conflict of interest policy and have key individuals declare any actual or potential conflicts.
- Develop a code of ethics policy and have key individuals acknowledge its contents by signing off on an ethics declaration.
- Notify Community Gaming Grants and/GPEB Licensing immediately of any changes to personnel with authority to obtain information on the organization's file with the Branch.

Online Resources

Information about gaming event classes, types, and the Licensed Charitable Gaming Rules are available here: [Licensed Charitable Gaming](#).

Community Gaming Grant PAC guidelines, conditions and important information about eligibility, application requirements, and recipient responsibilities are available here: [CGG PAC Resources](#).

Additional information, news and updates can be found on the Gaming Policy and Enforcement Branch website at: [Gambling and fundraising - Province of British Columbia \(gov.bc.ca\)](#)

