



Casino License Eligibility

Background

Over the past nine months AAAS has become aware of some issues that some of our members have faced regarding Casino License Eligibility. The situation was brought to our attention when more than 1 Ag Society was randomly audited and ended with similar findings and results.

According to Alberta Gaming and Liquor Commission's (AGLC) Basic Eligibility Policy some of the standards the applicant group must have are (Basic Eligibility, No 2.1, Pg. 1):

- 1) A broad based volunteer membership which represents the community at large
- 2) Alberta resident volunteer members who establish, maintain control of and deliver the group's programs
- 3) 75% or more of its executive democratically chosen from its volunteer base (a maximum 25% of the group's executive may be appointed by an external entity)
- 4) **No paid members, directors or officers (Note: Some persons in these positions may be paid for other work done for the group, and the group may still be eligible for license. However, for each paid position, the group must provide the Commission with the position, title, position job description, full disclosure of salary and benefits and the source of the funds for salary and benefits)**
- 5) Programs that benefit a significant segment of the community, not member's self interest
- 6) A not-for-profit objective
- 7) Must be incorporated
- 8) Have by-laws that upon dissolution of the applicant group, require any assets remaining after paying debts and liabilities to be:
 - a. Disbursed to eligible charitable or religious groups or purposes; or
 - b. Transferred in trust to a municipality until such time as the assets can be transferred from the municipality to a charitable or religious group or purpose approved by the Board.

Part of the audit that AGLC performs is to review by-laws and minutes of the organizations. One of the items that they look for is to ensure **there are no provisions for payment to members, directors or officers, including payment of income, honorariums, dividends, shares or transfer of property.** (*Basic Eligibility, No. 2.1, Pg 11, 7c*). This includes payment from general funds (not just from casino funds)

When the audits were completed it was discovered that these Ag Societies had been paying honorariums or wages to some of their Directors and/or Executive which we believe is not an uncommon practice in not-for-profit organizations. Some groups pay honorariums to secretary/treasurers for the additional time spent on doing bookkeeping, administrative work, meeting with customers for facility rentals (and related items). In other cases certain officers may be required to attend meetings on behalf of the organization outside of regular Board, Committee, or organization meetings and receive an honorarium from the organization to do so.

As a result, the audited organizations were told that if they wished to **continue paying honorariums, recipients could only be non-voting members, or non-members. Reimbursement for expenses incurred would be allowed with properly documented and supported expense claims.**

Recommendations for Ag Societies holding a Gaming License

Per Diems vs. Honorariums

In January, 2010 AAAS met with representatives from AGLC to obtain clarification on the policies as well as to determine what would be acceptable means and eligibility for reimbursement. At this meeting it was agreed that reasonable Per Diem's to members, Directors and Officers would be an acceptable form of reimbursement if documented on an expense form or claim as Per Diems allow for more accountability, transparency and documentation than honorariums. Per Diems can be used to reimburse individuals for meals and mileage while performing responsibilities for the organization (outside of regular Board and committee meetings, AGM's etc).

Results:

AAAS has developed an expense form template that includes Per Diem rates (based on rates that AAAS currently uses for its Board) & a mileage rate (based on gov't rates at the time of development) that members can use if they choose to. Other reasonable rates may be eligible but it is recommended to obtain approval from AGLC if the rates are higher than those on the template. The form is available in hardcopy, or in an electronic format that will perform the calculations for the user. The form is available on the AAAS website at www.albertaagsocieties.ca or by contacting the AAAS office at (780)427-2174.

Employment - Paid Positions from Either Gaming or Non-gaming Funds

Another meeting was held in May with administrative officers that concentrate on the regulatory requirements for AGLC. The purpose of the meeting was to explain the situation as it pertains to our membership and to gain further clarification and their interpretation/intent of the regulations as they were written.

We were able to communicate the challenges our members in small communities face if voting members are unable to hold any paid position in the organization and still be eligible for a gaming license.

Results:

Based on conversations and agreement by AGLC, the following clarifications have now been made for Agricultural Societies that apply for gaming licenses:

- 1) Ongoing facility related positions such as janitor positions may be filled by voting members, the same as the facility contract positions such as electricians and plumbers.
- 2) Positions paid from non-gaming proceeds, such as accountant or bookkeeper positions that are not program related may retain voting rights.
- 3) Any positions directly related to program delivery (instructors, coaches etc.) would not be allowed to maintain voting rights whether they are paid from gaming or non-gaming funds.
- 4) The exclusion of executive members from any and all paid positions is a recommended practice. Any further internal policy to secure conflict of interest scenarios would also be suggested.

A Conflict of Interest policy sample is attached and also available on our website at www.albertaagsocieties.ca

If your organization currently receives gaming licensing (for casinos, bingos, raffles, etc.), it is imperative that you follow the recommendations above for paying any members, Directors or Officers (including honorariums). If audited by AGLC, improper reimbursement or payment to these people may result in losing your gaming licensing.

Copies of AGLC Policies including the section on Basic Eligibility can be found at www.aglc.ca or they can be contacted at 780-447-8600.

If you have any questions or would like additional information/clarification please contact the AAAS office at 780-427-2174.

Sincerely,

Lisa Hardy
Executive Director

Conflict of Interest Policy

The Board expects of itself and its members, ethical and businesslike conduct. This commitment includes proper use of authority and appropriate decorum in group and individual behavior when acting as directors. A conflict of interest exists wherever an individual could benefit disproportionately from others, directly, indirectly. From access to information or from a decision over which they might have influence or where someone might reasonably perceive there to be such benefit and influence.

The Board members must avoid any conflict of interest with respect to their fiduciary responsibility.

- There must be no self-dealing or any conduct of private business or personal services between any Board Member and the Agricultural Society, except as procedurally controlled to assure openness, competitive opportunity, and equal access to otherwise inside information.
- The Board members must not use their positions to obtain for themselves, or for their family members, employment with the Agricultural Society
- Should a Board member be considered for employment, he/she must temporarily withdraw from Board deliberation voting and access to applicable Board information.
- When the Board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent him/her without comment on the issue not only from the vote, but also from the deliberation.